

Keynote Address

by

**The Honourable Michael Wilson, PC, OC
Canadian Ambassador to the United States of America**

to

Michigan State University

**Canada and the United States:
Partners in a Changing Global Economy**

20 April 2009

Video Conference

I am delighted to be joining you today — and thank you to Michigan State for hosting today's video conference.

A special thanks to Ann Marie Schneider, Acting Director of the Canadian Studies Center; and Dawn Pysarchik (Pih-SAR-chick), Associate Dean of International Studies and Programs, for organizing today's event.

Michigan State is widely known in the US, Canada and worldwide for its Canadian Studies Program, which is arguably the oldest Canadian Studies program in the United States.

Michigan State researchers contribute their expertise on issues of significance to both countries and the rest of the world.

The Canada – Michigan connection runs very deep.

Indeed, Michigan has over 80,000 residents who were born or have roots in Canada — including your governor.

Trade between Canada and Michigan is also important for both of us.

Canada is Michigan's top export market — more than all other export destinations combined.

In 2008, over \$200 billion in Canada-U.S bilateral trade crossed the border with Michigan.

This is a terrific success story, one of three that I'm going to talk about today:

- first, a follow-up on some themes of President Obama's visit to Canada eight weeks ago — his first foreign visit as President
- second, Canada's perspective on current global challenges, and an update on Canada–U.S. relations
- and third, Canada and Michigan as economic partners.

1. President Obama's visit to Canada

First, then, President Obama's visit to Canada.

Before he left for Ottawa, President Obama said that “Canada is one of the most impressive countries in the world... Obviously there is enormous kinship between the United States and Canada, and the ties that bind our two countries together are things that are very important to us.”

And Canadians agree. The latest Nanos poll shows that 9 out of 10 Canadians believe that Canada is a good ally and a great friend to the United States.

Two topics in particular were the focus of the discussions in Ottawa — energy, and the economies of both countries in light of the global financial crisis.

Energy is a priority for the Prime Minister and the President.

It may come as a surprise to you that we have the second-largest oil reserves in the world.

The U.S. imports far more oil and energy products from Canada than from any other country.

Oil, and natural gas, electricity and uranium.

The safest and most abundant source of energy for the U.S. is just across the northern border, in very friendly hands.

Yet Canada is increasingly seen as both foreign in an adverse sense, and purveyors of dirty fuel.

This image is fed in part by some negative perceptions of the Canadian oil sands industry.

But it also stems from a general under-appreciation in the U.S. of Canada's considerable efforts to reduce carbon emissions, and to increase renewable energy production.

Our government has committed to reduce Canada's total greenhouse gas emissions by 20 percent by 2020.

Since our two economies are very integrated, we must work together on how we move away from our reliance on carbon-based fuels toward clean fuels and energy independence.

As the President has said: "I think it is possible for us to create a set of clean energy mechanisms that allow us to use things not just like oil sands, but also coal.... And so, we're not going to be able to deal with any of these issues in isolation."

The President and Prime Minister also discussed their respective economic recovery plans.

We share the world's largest and most comprehensive trading relationship — which supports millions of jobs in each country.

So recovery is vital for both nations.

I scarcely need mention the unprecedented recovery plans of the U.S. federal government.

The ability of the United States to mobilize such vast resources in the face of this economic crisis is truly remarkable.

Canada's significant economic action plan was set out in our January federal budget. The International Monetary Fund issued a statement of support for this plan, which it called "large, timely and well-targeted", well above the fund's benchmark of 2% of GDP.

Recent economic developments in Canada have been more favourable than in other advanced economies.

Our GDP contracted during the last quarter of 2008, but barely half the contraction experienced in the U.S. and Europe.

Among Canada's structural advantages, our financial system is the strongest in the world, with Canada's banking sector less leveraged than in other countries.

The federal government's low debt-to-GDP ratio following eleven straight budget surpluses has provided the country with a significant financial cushion during these difficult times.

2. Canada's perspective on current global challenges

Let me turn now to my second point — Canada's perspective on current global challenges, and an update on the Canada–U.S. economic and security relationship.

This year the Canadian government has three over-riding priorities for our foreign policy:

- economic recovery
- the United States and the Americas
- and Afghanistan.

Canada is a trade-dependent nation with an economy closely integrated with the American economy. And so the timing of our economic recovery will hinge on the pace of yours.

The OECD expects the U.S. to begin to pull out of the recession by early next year.

Canada took the G-20 London Summit very seriously, putting forward several clear Canadian aims:

- fixing the financial system to get credit flowing
- an effective and co-ordinated stimulus activity
- avoiding protectionism and building up trade and investment flows
- and strengthening financial market regulation.

The recent joint communiqué from the G-20 nations, I'm pleased to say, reflected all these objectives.

We are keeping an especially close eye on protectionism, which has already started to creep into a few nations' trade practices including, I regret to say, the United States.

Canada is the largest export market for U.S. products — more than China, Japan, the U.K. and Germany combined.

Trade with Canada supports some 7 million American jobs.

Over the last two decades, Canada–U.S. trade has tripled.

Given the scale of this success, it's clear to me that the path to economic growth for our two countries lies in our integrated supply chains.

The essence of our supply chains is that we make stuff together — particularly in the Great Lakes Region and autos sector — thereby improving the competitiveness of the final product through lower cost, better technology or better design.

Today, over a third of Canada–U.S. trade occurs between branches of the same corporations, and a similar amount for trade within established supplier relationships.

The auto sector is a major factor here.

And Canada is committed to sharing the burden of restructuring the North America auto industry.

In December, Canada came to the table with \$4 billion to support GM and Chrysler. We are bearing our proportional share of responsibility for supporting this highly integrated industry.

The value of our integrated economy underlines the importance of both countries' reinvesting in the northern border, to make it a true gateway to our prosperity — not a cumbersome checkpoint that stifles our competitiveness.

And it is important to keep in mind that the border works!

During the Final Four, about 1,000 college coaches were housed in hotel rooms in Windsor and travelled to the games in Detroit.

Let me pause here to congratulate the Spartans' men's basketball team for their passionate and determined performance in the final game. A tough game to lose but let's not forget they had a great season.

I would like to take a moment here to say a few words about the importance of the Windsor-Detroit Crossing. This is the busiest land border crossing in North America — \$130 billion of trade crosses through the Windsor-Detroit corridor annually.

Studies show that cross-border traffic will continue to increase and could exceed infrastructure as early as 2015.

Canada is committed to moving ahead with the development of the new Windsor-Detroit border crossing down river from the Ambassador Bridge.

And the new crossing and approaches will provide economic stimulus to communities on both sides of the border.

Canada and the United States share more than commercial ties — we are also strong allies.

We have a long history together of defending our continent and our values.

Close to home, through mutual support in northern border patrols, law enforcement, the intelligence communities, and many other behind-the-scenes activities to keep North America safe.

And joint operations with both countries' armed forces.

In the NATO treaty, which celebrates its 60th anniversary this year.

For half a century together in NORAD.

And as active partners in the mission in Afghanistan since combat operations began.

Along with many brave young Americans, we are fighting to make sure that the Afghanistan no longer provides a haven for terrorists.

For all of these reasons, it's no wonder that for Americans, Canada enjoys the highest favourable rating of 19 nations rated by a Gallup poll in February.

3. Canada and Michigan as economic partners

A few minutes ago I mentioned the success story of trade between Canada and the U.S.

U.S.–Canada trade benefits every state in the Union.

Canada is ranked number one in 35 states as the leading export market for U.S. goods – including Michigan.

Bilateral trade worth over \$67 billion dollars. Michigan sends more goods to Canada than all other of your export destinations combined.

More than 221,000 Michigan jobs are supported by Canada–U.S. trade.

Plus 22,000 jobs with Canadian-owned companies in Michigan.

And revenues from tourism are also significant with almost 1.5 million visits to Michigan by Canadians in 2007, spending \$284 million and supporting yet more jobs.

Canada and the U.S. enjoy the largest bilateral relationship in the world — one built on enduring good will and strong local connections.

These connections are the sinews of our trust in each other.

They are the efficient partnerships formed by businesses.

They are the camaraderie among our armed forces.

Success stories unfold every day in cities and towns throughout the U.S. and Canada.

No two countries co-operate so closely as we do in trade, investment, energy supplies, shared border management, intelligence-sharing, and combat and reconstruction in Afghanistan.

As I said, the Canada–U.S. relationship is unique, and it is the envy of the world.

I am proud to speak with you today to celebrate our mutual successes as partners, friends and allies.

Thank you.