

Security and Prosperity Partnership of North America
Report to Leaders
August 2006

In June 2005, you received the first report on making North America more prosperous and secure through the Security and Prosperity Partnership of North America (SPP). The report included a list of early accomplishments and detailed workplans containing initiatives, milestones, and completion dates. Today, we are pleased to present the second report.

On March 31, 2006 you met in Cancun to review progress on the SPP. You noted achievements and asked us to continue to build on the momentum of the ambitious agenda of collaboration found in the workplans. A number of goals have been reached and, overall, implementation is on track. We have attached an updated version of the 2005 workplan reporting on the status of initiatives through mid-June of 2006. We have also attached a list that highlights accomplishments achieved since the Cancun Summit, as well as those accomplishments noted at Cancun. By addressing common security and prosperity issues through this process, officials in all three countries have enhanced existing relationships, created new ones, and have strengthened the foundations for ongoing cooperation among our countries.

We are achieving measurable progress on a number of security issues affecting our three countries. Canada, Mexico, and the United States have strengthened relationships in the areas of preparedness, law enforcement, and the screening of travelers and cargo. Furthermore, the three countries have improved processing times at border crossings while maintaining tight security. The United States, Canada, and Mexico are making progress to standardize fingerprint-based biometric technology. Moreover, the three countries are cooperating in conducting trials and reviewing the compatibility of their biometric traveler systems.

In Cancun, you called for the creation of an Avian and Human Pandemic Influenza Coordinating Body comprising senior officials. The members of the Body have been designated and held their first meeting where they agreed how to organize and prioritize their work. The Coordinating Body will oversee work on protocols and procedures to ensure that North America is well prepared in advance of an outbreak of pandemic influenza and that our governments act in a coordinated manner to meet any threats.

At the one-year anniversary meeting of the SPP in Cancun, you asked us to examine ways to strengthen the SPP to ensure its continuity and success. To that end, we are pleased to inform you that on June 15, Ministers officially launched the North American Competitiveness Council (NACC) that you announced in Cancun. Our three governments recognize that private sector involvement is key to enhancing North America's competitive position in global markets and is the driving force behind innovation and growth. As such, the creation of the NACC provides a voice and a formal role for the private sector. The regular meetings between Ministers, senior officials, and the NACC,

complemented by ongoing consultations with other interested stakeholders, will help ensure that the SPP remains a cornerstone of North American cooperation.

Looking ahead, we are considering other avenues to strengthen the SPP, such as regular meetings of SPP Coordinators to provide direction, track progress, and discuss new initiatives, and the use of an ongoing tracking process to help us stay current on the status of initiatives. We will also look at ways to strengthen cooperation among the Working Groups in order to facilitate the accomplishment of our common goals.

Prior to the next Leaders' summit, the security and prosperity Ministers will meet to review further progress on the priority initiatives you identified in Cancun, update the SPP workplans in light of achievements to date, and develop new initiatives designed to achieve concrete results. At that time, we will discuss with the NACC its preliminary recommendations to Leaders. To facilitate a meaningful and productive discussion with the NACC, we have asked that their initial set of priorities be sent to us by September 15. We are confident that the NACC's involvement and its commitment to be part of the solution to the challenges we face as a region will contribute to make North America the best and most secure place to do business.

The SPP initiatives form a comprehensive agenda for cooperation among the three countries of North America while respecting the sovereignty and unique cultural and legal heritage of each country. Even more importantly, we believe that the SPP is making an impact in developing a culture of cooperation among three North American neighbors. Your announcement in Cancun to hold the third trilateral Leaders' meeting in Canada next year further underlines the three governments' commitment to the SPP. We look forward to further progress in the months ahead.

Michael Chertoff Secretary of Homeland Security	Carlos Abascal Secretario de Gobernación	Stockwell Minister of Public Safety	Day
Carlos Gutierrez Secretary of Commerce	Sergio García de Alba Secretario de Economía	Maxime Bernier Minister of Industry	
Condoleezza Rice Secretary of State	Luis Ernesto Derbez Secretario de Relaciones Exteriores	Peter G. MacKay Minister of Foreign Affairs and Minister of the Atlantic Canada Opportunities Agency	

Security and Prosperity Partnership of North America (SPP) Accomplishments

The following accomplishments highlight the progress made to advance the SPP agenda since President Bush, President Fox, and Prime Minister Harper met in Cancun on March 31, 2006:

- To enhance the competitive position of North American firms while maintaining high standards of health and safety, officials from the regulatory, trade, and oversight agencies of all three countries met for the first time on April 18-19, 2006. The three countries discussed their respective regulatory systems and highlighted areas of cooperation. As a result, the three countries identified a core set of elements for the Regulatory Cooperation Framework to include coordinating joint work on regulatory processes, promoting best practices, and enhancing information sharing throughout the regulatory process.
- Ongoing liberalization of rules of origin is helping to improve the competitiveness of our industries by reducing transaction costs, facilitating the cross-border trade of goods, and making it easier for exporters to qualify for duty free treatment. In May, our three countries agreed to a third round of changes affecting over \$30 billion in trilateral trade with an implementation goal of 2007.
- Representatives of our three countries met on June 21 to inaugurate the North American Aviation Trilateral (NAAT) – a new forum established to achieve the SPP’s goals for civil aviation security.
- To control money laundering, Mexican and U.S. Customs officials have cooperated at an unprecedented level. As of this summer they have made hundreds of seizures totaling millions of dollars.
- To provide a uniform agreement between local offices of the Governments of the United States and Mexico, officials from both countries signed on June 27 an agreement to implement a pilot program in El Paso and Chicago, for the safe, humane, and orderly repatriation of Mexican nationals.
- Canada and the United States completed the 2006 Integrated Border Enforcement Team (IBET) Threat Assessment, which identified national security and organized crime threats along the Canada-U.S. border. The IBET Program has disrupted organized crime operations involved in bi-directional drug trafficking and human smuggling.
- To better coordinate cross-border emergency management, the United States and Canada engaged in “Pacific Peril” - a major exercise designed to test response plans for earthquakes and tsunamis in the Pacific Northwest. The United States and Canada also participated in the “Ardent Sentry” exercise, which used a number of scenarios to test emergency response capability.
- To protect critical infrastructure in the food and agriculture sector, U.S. and Canadian officials began exchanging information to compare methods for vulnerability assessments.
- The United States and Canada renegotiated a Framework for Cooperation to govern joint critical infrastructure protection and emergency management issues.
- The United States, Canada, and Mexico continued work to tighten and verify the security of nuclear and radiological facilities throughout North America. The United States and Canada implemented new enhanced security measures and cooperated on Force-on-Force exercises to test enhancements at nuclear facilities. The United States and Mexico performed security upgrades at key nuclear and radiological facilities.
- Canada and the United States, in partnership with the Mohawk Community of Akwesasne, hosted the first ever International Indigenous Cross-Border Security

- Summit to enhance awareness of the border security environment and its impact on indigenous peoples, and to create a course of action for future collaboration.
- To determine risk in advance and to process maritime cargo more expeditiously, Mexico is successfully implementing the Sea Cargo Initiative, which will allow for the electronic collection of data from the shipping lines 24 hours prior to loading at the port of origin. The United States and Canada are implementing a similar program.
 - Canada has committed significant resources toward the enhancement of its air cargo security program. Canada and the United States continue to meet to strengthen bilateral cooperation in this area.
 - To develop cooperative activities in all stages of avian influenza and human pandemic influenza management, a Coordinating Body of senior officials from the three North American countries has been established and has held its first meeting at which they agreed how to organize and prioritize their work.
 - Energy Ministers agreed to develop recommendations to further align and strengthen energy efficiency standards, identify gaps in the research and innovation chain for key technologies, and develop a trilateral legal instrument on energy science and technology collaboration. Energy Ministers, together with the private sector, also agreed to develop recommendations to address barriers to the expansion of clean energy supply and deployment of technologies. In addition, the group's ongoing work has emphasized the importance of open, efficient, and transparent markets through regulatory cooperation and exchanges of energy data that support market transparency.
 - To develop a coordinated strategy aimed at combating counterfeiting and piracy, a task force of senior officials from the three North American countries has been established. The next meeting to discuss the strategy will take place in the fall.
 - Canada hosted, in collaboration with the United States and Mexico, a “North American Marine Conference – Towards a Shortsea Shipping Strategy for the North American Continent” in Vancouver on April 18 - 20. The conference provided an excellent opportunity to promote shortsea shipping as a means to improve the performance of national transportation systems and to contribute to environmental sustainability. It also allowed discussion on business opportunities and challenges related to shortsea shipping.

President Bush, President Fox, and Prime Minister Harper highlighted the following accomplishments at their trilateral meeting in Cancun on March 31, 2006:

- To enhance growth and competitiveness in a key sector, the North American Steel Trade Committee developed a new strategy aimed at reducing market distortions, facilitating trade and promoting overall competitiveness through innovation and market development.
- To adapt to changes in sourcing and production methods, the three countries have analyzed ways to liberalize requirements for obtaining NAFTA duty-free treatment. Changes to the rules of origin have been implemented successfully and technical teams are working on additional changes.

- To speed up response times when managing infectious disease outbreaks, save lives, and reduce health care costs, the United States and Canada signed an agreement to enable simultaneous exchange of information between virtual national laboratory networks (PulseNet).
- To make consumer goods safer, save lives, and prevent injuries, the United States and Mexico signed an agreement for advance notifications when consumer goods violate one country's safety standards or pose a danger to consumers. Canada and the United States signed a similar agreement in June.
- The United States and Canada signed an agreement, which is a milestone in pipeline regulatory cooperation, to allow increased compliance data sharing, staff exchanges and joint training. The sharing of best practices will lead to a more uniform regulatory approach for cross border pipelines.
- The United States and Canada reached a full Open-Skies aviation agreement, removing all economic restrictions on air service to, from, and beyond one another's territory by the airlines of both countries. The agreement will encourage new markets development, lower prices and greater competition.
- The United States and Mexico expanded air service in specific markets by increasing the number of designated passenger airlines per city-pair, and opening cooperative marketing arrangements (code-sharing) to airlines of either country and carriers of third countries.
- In order to increase navigational accuracy across the region, five Wide Area Augmentation System (WAAS) stations were installed in Canada and Mexico in 2005.
- To promote prosperity by reducing the costs of trade, the United States and Canada decreased transit times at the Detroit/Windsor gateway, our largest border crossing point, by 50 percent.