

**Remarks by U.S. Ambassador Paul Cellucci to
The Canadian Club of Toronto
Wednesday, January 26, 2005**

Thank you, Michael (Canadian Club President Michael McMillan) for that introduction. I greatly appreciate the invitation to be here today with the Canadian Club of Toronto.

Last week I was in Washington, where I had the privilege of attending President Bush's inauguration. The President has put together another strong team for his second term. And I know this team will work closely with Canada's leaders to strengthen and deepen the exceptionally strong ties that have always linked our countries. Those ties rest on core values that we share, as individuals and as societies. Those shared values are far more central to the relationship between our two countries than the differences that naturally arise between us.

You may have heard that I will be moving on from my post as Ambassador in March. It will have been nearly four years since I arrived in Québec City in April of 2001 for the Summit of the Americas. Since then, world events have challenged our two countries to rethink our strategies for protecting our continent, ensuring prosperity, preserving our environment, and encouraging freedom and democracy across the globe. Canada and the United States have had some significant differences on the best ways to achieve those goals. And much remains to be done. But the United States and Canada have worked together to meet the challenges of our new century. I am confident that our countries will continue to deepen our economic and security relationships in the interests of both our countries. And I am confident that we will continue to cooperate with each other, and with our many other allies and friends, so that all countries of the world will come to enjoy the freedom and prosperity that we enjoy.

After the U.S. elections last November, when Prime Minister Martin invited President Bush to visit Canada, President Bush accepted enthusiastically. I think it is important to note that this was President Bush's first bilateral trip abroad since the U.S. elections. President Bush's visit to Ottawa and Halifax demonstrated the importance and respect with which the Bush Administration and the American people view Canada.

The President and the Prime Minister reaffirmed in their public and private meetings the close ties that connect our two countries. They stressed that, whatever our differences, the U.S. and Canada share common goals and aspirations, threats and challenges. The visit also gave Canada and the United States the opportunity to renew our mutual commitment to deepening our cooperation in North America and in the world. Prime Minister Martin and President Bush announced on November 30th that this "New Partnership" will set an agenda to increase the security, prosperity, and the quality of life of our citizens.

And we are already working together towards that end.

Since 9/11, we have worked together to build a “Zone of Confidence” in North America. American law enforcement and intelligence agencies are working more closely than ever with their Canadian counterparts to share information and to screen travelers to North America. We are cooperating overseas before visitors board commercial flights to North America. We are working together on a Port Security Initiative that will screen the millions of shipping containers that enter North America every year.

Last December, then-Homeland Security Secretary Ridge and Deputy Prime Minister McLellan met to review our progress on the Smart Border Action Plan for enhancing security along our common border. The 32-point plan is aimed at strengthening bilateral cooperation to enhance security while also facilitating legitimate travel and commerce between the United States and Canada. The accomplishments Ridge cited included the opening of seven new free and secure trade (FAST) sites along the U.S.-Canada border, the Safe Third Country Agreement, and the expansion of U.S. pre-clearance facilities to Halifax.

Our close cooperation on border security will help us meet the challenges ahead - including work on biometrics and prescreening standards, information and intelligence sharing, maritime and cargo security, and joint facilities and infrastructure investments.

Our defense cooperation is deep and substantial. U.S. and Canadian military personnel work together as a single unit at NORAD to monitor the air approaches to North America and to protect us from attack. We have amended the NORAD agreement to extend NORAD’s existing aerospace warning function to provide integrated tactical warning and attack assessment. And as the U.S. proceeds with its program of ballistic missile defense, we hope that the Canadian government will decide to join us.

Our cooperation on the security front is matched by our economic cooperation. With all of the media focus on the disputed areas in our trade relationship, it is easy to forget that those trade disputes are exceptions in a huge and multi-faceted trade relationship. And it is easy to forget that this is, by far, the largest bilateral trade relationship that the world has ever known. I don’t want to diminish the importance of issues like BSE and softwood lumber on those who are affected. But it is nothing short of amazing that this trade relationship thrives with so few major difficulties.

Our trading relationship stretches across a 5,500-mile border touching on 15 U.S. states that contain 33 percent of the U.S. population. Ninety percent of Canadians live within 100 miles of the U.S. border. Economically, we benefit from the largest bilateral relationship in the world. In 2003 we exchanged roughly USD 500 billion in goods, services, and investment income, or well over one billion dollars U.S. each day. For 39 states, Canada is the number one foreign trade partner.

Canada absorbs 23 percent of American merchandise exports; and Canada sends 86 percent of its exports in goods to the United States. U.S. direct foreign investment in Canada is over \$150 billion and Canadian direct foreign investment in the United States

is over \$130 billion. Canada is the largest supplier of energy to the U.S. and its vast oil sands and gas reserves could help guarantee North American energy security for decades. Our shared border is crossed more than 200 million times each year. Millions of jobs are dependent on this trade that goes back and forth across our border every year, and every day. The ability of millions of Canadians and Americans to put food on the table, to maintain their way of life and their standards of living depends on the trading relationship.

So I think it is no exaggeration to say that, when you consider the impact of this relationship on the day-to-day lives of Americans, that this is the most important relationship that the United States has with any country in the world.

The largest part of our relationship thrives without reference to either federal government. But I want to emphasize that both Prime Minister Martin and President Bush deeply appreciate and understand the importance of this relationship. And both of them are anxious to work together to find solutions to our common challenges.

One of the biggest headlines in the news on trade over the last eighteen months has been BSE. Interestingly, the public focus on the *trade* issues of BSE has demonstrated how carefully and thoroughly American and Canadian authorities have worked together to manage the more important public health aspects of this crisis. The professional manner in which Albertan, Canadian and American authorities tackled the issue demonstrates the real benefits of American-Canadian cooperation. They worked to coordinate scientific approaches to the problem. The steps they took were so effective that only four months after the discovery of the first infected cow, trade in boxed beef resumed across the border.

Just a few weeks ago, the United States Department of Agriculture announced the final rule regarding minimal risk regions for BSE, along with the classification of Canada as the first minimal risk region under the rule. Through close cooperation between our countries and a commitment to keeping pace with the body of scientific knowledge about BSE, the United States arrived at the conclusion that imports of certain commodities from regions of minimal risk can occur with virtually no risk to human or animal health.

Two new cases of BSE in Canada have prompted our countries to work together to investigate the causes and make a determination on what measures are needed to ensure the safety of beef in our countries. Protection of public and animal health remains the top priority of both our governments in addressing this problem. We know that the border closure to trade in live cattle has been extremely difficult for Canadian cattle and dairy farmers, but in the long run, taking all the careful steps we have taken will pay off in continued public trust in our food supply.

On the broader economic front, our countries share bright prospects for promoting prosperity at home and in the world. We can make progress by working together to advance our global free trade agenda in NAFTA, the Free Trade Area of the Americas and the Doha Round of the WTO.

The U.S., Canada and Mexico have now completed more than a decade under the North American Free Trade Agreement. NAFTA's success is unquestionable. All three of our countries have prospered under NAFTA. Trade has doubled in general and we have achieved significant increases in trade in intermediate goods, which means that many more of our industries have integrated across borders. That trade supports millions of jobs in all three of our countries.

Now we need to begin to explore ways in which we can further streamline trade between our countries. We need to find ways to simplify the rules of origin that will allow companies to trade more freely in products with components from several countries. And we need to find ways to streamline our health and safety regulations. Representatives of our countries have discussed this need over the past year. And I believe they will begin that hard work in the near future.

As we work together to ensure the prosperity of our continent, we are also working to protect its natural environment. In December, at the meeting in Buenos Aires of the Tenth Session of the Conference of the Parties to the UN Framework Convention on Climate Change, our countries recommitted themselves to addressing the issue of reducing greenhouse gas emissions.

We know that we must begin to address those activities that contribute to climate change. But the U.S. view continues to be that, to be effective, those efforts must be based on sound science. And we continue to believe that, if our efforts to reduce climate changing emissions are going to be sustainable, those efforts cannot undermine economic activity.

The United States supports the development of an integrated approach to partnerships among governments, the private sector, non-governmental organizations and other stakeholders that promote economic growth, improve energy efficiency, enhance energy security, and increase availability of cleaner, more efficient energy sources. To achieve these goals, we have launched five multilateral partnerships:

- the Methane to Markets Partnership;
- the International Partnership for a Hydrogen Economy;
- the Carbon Sequestration Leadership Forum;
- the Generation IV International Forum; and,
- the Global Earth Observation System.

In addition, the United States has established bilateral climate partnerships with 14 countries and regional organizations that together with the United States account for over 70% of global greenhouse gas emissions. Canada is an important partner in these efforts.

Despite our differences about the Kyoto agreement, we in the U.S. remain committed to the central goal of the U.N. framework – to stabilize greenhouse gas concentrations. The Nearly three years ago, the president announced the policy for the United States in which we will slow, stop and ultimately reverse the greenhouse gas emissions based on sound science.

We are committed to cut our greenhouse gas intensity – that is, emissions per unit of economic activity – by 18 per cent in ten years. That is the equivalent of taking 70 million motor vehicles off the road.

We believe that this is achievable because it is a common sense idea. Economic growth is part of environmental progress. It provides the resources for research and for environmental investment. We are spending \$5.8 billion per year in the United States on this issue, because we want to get the science right. Just to put that into perspective, not only is that more than any other country in the world; that is more money being spent than by Europe, Japan and Canada combined.

And the United States has undertaken the “FutureGen” Project, which is the world’s first coal-based zero emissions electricity and hydrogen plant. Further, under this Administration’s Clear Skies Initiative, over the next decade most major coal-fired electricity generation plants will have to install state-of-the-art pollution control technologies. We have abundant coal reserves in North America, and these projects will bring us closer to achieving zero-emissions coal.

Some of you may have been in the audience when I addressed the Economic Club here in Toronto in March, 2003. The war in Iraq was at the center of the international agenda then, and some of my remarks were considered controversial. Iraq has stayed at the center of the international stage for the last two years; and it is still at the center of the international as we approach elections at the end of this week. The decision to go to war in Iraq has remained controversial. The decision to go to war, and following the war, the reconstruction of Iraq, and helping Iraqis find their path to democratic freedoms were never going to be easy. The challenges have been enormous, sometimes more so than we expected. And as you well know, many of our closest friends and allies, including Canada, did not agree with us about the imminent danger posed by Saddam Hussein and the need to remove him.

But all of us agree that Iraq and the world are better without that cruel and vicious dictator in Iraq. And we agree that Iraq and the Middle East will be better places if we can help Iraqis build a freer, more open society. On January 30, we will observe a major milestone for democracy - free elections in Iraq.

We know that this election will not solve all of Iraq’s problems. The increase in rebel intimidation of Iraqi officials and security forces is a serious challenge to those elections. Very serious security problems remain in the Sunni Triangle north and west of Baghdad. But security measures are being taken, both by the multinational forces in Iraq and by the Iraqi armed forces and police. We know there will be some problematic areas. But even there, great efforts are being made to enable every eligible Iraqi to be able to vote.

Despite these difficulties, the elections represent a major step forward toward democratic governance. The Iraqi people will have the opportunity to say how they wish to be governed by electing a Transitional National Assembly that will draft a constitution to establishing a government that represents the will of the Iraqi people.

Like these elections, the road ahead after the elections will not be easy. But I believe we will see movement towards a stable, democratic government in Iraq. And the people of Iraq deserve that opportunity.

This month also saw Palestinians elect a new leader in a free election. The election of Mahmoud Abbas as President of the Palestinian Authority gives us a new opportunity to seek peace in the Middle East. As Secretary of State Designate Condoleezza Rice said in her recent confirmation hearings, we are ready to work with Palestinians, Israelis, and our international partners to help build a viable, independent and democratic state for the Palestinian people. And we will continue to work for a secure state of Israel that is at peace with its neighbors.

Last year we also saw free elections in Afghanistan. Our two countries worked hard together and with our friends and allies in Afghanistan to create a climate in which all Afghanis, including women, could elect the leaders of their choice. That was a major accomplishment after decades of domination by the former Soviet Union and then by the Taliban.

Much remains to be done in Afghanistan to enable its citizens to safeguard their security and economic prosperity. But no one can doubt that prospects are far better today than they were four years ago. And Canada and the United States are united in our desire to help countries with unstable governments and failing economies make the transition to democracy and open markets that can put them on the path towards stability and prosperity.

On December 26, one of the farthest-reaching natural disasters in memory claimed the lives of more nearly 200,000 people in South and Southeast Asia. The earthquake and tsunami there startled the world. Both our countries responded to this overwhelming human tragedy and humanitarian crisis, using our military capabilities, humanitarian assistance, and the resources our citizens mustered in a time of unprecedented need. And we will continue to work through the United Nations, affected countries, and with committed NGOs to alleviate the suffering in the affected areas and help those citizens overcome despair and resume their lives.

These are the most recent examples where we have cooperated together internationally, based on the basic values that we share. There have been many other examples. Canada has played a major role in peace-keeping missions in the Balkans and more recently in Haiti. Canada is helping lead the diplomatic effort to end the violence that afflicts western Sudan.

We, and the world, continue to be grateful for Canada's contributions to international security. Canadians, like Americans, cherish the values of individual liberty and the freedom to choose one's own government. We know that protecting those freedoms requires a society that is built on the rule of law.

Americans, like Canadians, know that democracy is not a perfect form of government; that democracy is constantly evolving and that it is always a work in progress. We know that there are many paths to democracy and that there is no single “best” form of democracy. And we know that these values are not just “American” or “Canadian” or “western.” We know that those values are fundamental to all humankind.

As I conclude my assignment as the United States Ambassador to Canada, my experiences here have reinforced me in that belief. My wife, Jan, and I have been honored to serve here. And we have been privileged to get to know many of you. We have had an unequalled opportunity to visit each of the Provinces and Territories of this beautiful land. And we have been blessed to know thousands of Canadians in all walks of life. And we are grateful to you for that opportunity.

Thank you very much. I’ll be happy to take your questions.