

Canada – Organizations

The Task Of Today's CCCE: Moving Multilateral Trade Forward

The Editor interviews **Thomas P. d'Aquino**, CEO and President of the Canadian Council of Chief Executives (CCCE).

Editor: You have been called everything from “the unelected prime minister of Canada,” to the “Ayatollah of Canadian public policy.” Tell us about the Canadian Council of Chief Executives – who is in it, what it does and how it impacts the debate on foreign trade and competition.

d'Aquino: The Council is a not-for-profit, non-partisan organization that is composed of the chief executives of our largest 150 enterprises. Our member CEOs and entrepreneurs – Canada has many more family-owned companies than other developed countries, so we include the non-executive chairs – represent all sectors of the economy. The companies they lead collectively administer C\$3.5 trillion in assets with annual revenues of C\$850 billion, and represent the majority of Canada's exports, investment, research and development and training. As Canada's premier business association, the Council plays a leadership role in shaping fiscal, tax, trade, competition, energy, environment, education and corporate governance policies.

Editor: I note that after 28 years, you're giving up the helm at the end of this year.

d'Aquino: I've been CEO of this organization since its formative stages, and I've worked with over 1,000 Canadian CEOs and eight prime ministers, so it's been quite a run. Of course, I'll continue to work with my counterparts in the United States, Mexico, Japan, China and India. I'll also devote a huge amount of time in pursuit of a Canada/European Union Economic Partnership, which we are working on right now. With the blessing of the board, I was able to nominate my successor, John Manley, former Deputy Prime Minister, Minister of Industry, Minister of Finance and Minister of Foreign Affairs.

Editor: What is the North American Competitiveness Council?

d'Aquino: After 9/11, I was concerned that America's rightful preoccupation with security would damage its most important trading relationships. We had no idea if there were going to be more terrorist strikes, but we could see what was happening at the Canada-U.S. border: trucks that previously had been crossing every four to six minutes were suddenly backed up for 18 hours. When you think that 39 states count Canada as their most important market and that over 80 percent of our exports go to the U.S., we were facing a potentially massive problem that would have badly damaged both the Canadian and U.S. economies.

There was a pressing need to keep the border open for commerce while simultaneously addressing the security needs of the United States and North America as a whole. So with that in mind, we consulted widely and in 2003 launched an agenda that we called the North American Security



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and Prosperity Initiative (NASPI). NASPI looked at people, goods and common regulation. It included an energy and environment pact and a number of other ideas to make the border technologically smarter and more efficient.

At the same time, I helped to convince Richard Haass at the Council on Foreign Relations that we should put together a trilateral task force to look at the future of North America. We recruited John Manley on Canada's side, along with William Weld, former governor of Massachusetts, and Pedro Aspe, the former Mexican economy minister, who had been so influential in promoting NAFTA.

The result of all of these efforts was that in 2005 Prime Minister Martin and President Bush and President Fox decided to sign what they called the Security and Prosperity Partnership of North America – the SPP. The left accused us of having bullied these leaders into action, which was total nonsense. The real issue, which everyone recognized, was the need to strengthen North American competitiveness and security.

At their next summit meeting, in 2006, the three leaders invited leading members of the CEO communities in the three countries to provide private-sector input on issues related to competitiveness. From that idea the North American Competitiveness Council (NACC) was born, to be composed of 10 frontline CEOs from each of Canada, the United States and Mexico. We produced 10 of our most senior CEOs, while the Americans established an executive committee of 15 representing a broad range of large companies with rotating memberships. The Mexicans produced some heavy-duty people – many names you know well.

The first meeting of the NACC with the three leaders took place in Montebello, Quebec, in 2007. Our Mexican and American counterparts graciously asked us to write the first NACC report. It was very well received, albeit heavily criticized by unions on the left and others as elitist: “Why did these people have access to the national leaders while everyone else was left out?”

The second meeting of the NACC with the three leaders took place at their summit in New Orleans in 2008 – we were in the room with the leaders for a full hour and a half.

When President Obama came to

power, he faced a lot of pressure to shelve the SPP and not follow through with the NACC because his advisors were looking for an institution that would also involve environmentalists, union leaders, et al. But at the North American Leaders' Summit in Guadalajara this summer, President Calderon and Prime Minister Harper both told President Obama that the NACC was very useful. In fact, the Canadian NACC group met with our prime minister and his key ministers for an hour and a half on the eve of his departure for the Guadalajara summit. He said that, regardless of whether the NACC continues formally on a trilateral basis, he welcomes our advice on trilateral issues.

Editor: Tell us what the Canadian Council of Chief Executives has done with respect to India.

d'Aquino: Back in the mid-1990s I was invited by the Confederation of Indian Industry (CII) to speak in five Indian cities. I spent three weeks in India and that, in turn, led me to take a CEO mission to India. The CCCE and the CII subsequently began to explore the feasibility of a Canada-India free trade agreement. Our work caught the eye of our respective governments and they gave it their blessings, ultimately creating the Canada-India Strategic Partnership. No country has ever had a bigger impact on me or my senses than India. With over a billion people it functions as a democracy and is growing and transforming before our eyes.

Editor: And the Council's role in China?

d'Aquino: I was a young member of Prime Minister Trudeau's staff in 1970 when Canada was one of the very first Western countries to establish diplomatic relations with what was called “Red China.” That was a big deal then, and it certainly helped me in my later efforts with the Chinese. I've always believed in a parallel strategy with China. You have to be able to talk frankly, but they have to like and trust you. Criticism in public doesn't go anywhere.

On one occasion, I took a group of CEOs to China – in total there were 650 business leaders in the delegation led by then-Prime Minister Chrétien and nine provincial premiers. A very senior Chinese leader whom I had met years earlier remarked, “Within our own circles we say that this is the largest assault on China since the Boxer Rebellion.”

Canada has longstanding ties with China. As an example, I sit on the board of Manulife, the largest single foreign insurance company there. About 15 years ago, the then-Mayor of Shanghai reached out to 35 top global CEOs and asked them to form an advisory board to aid him in growing Shanghai into one of the world's great financial centers. I had never participated, but I recently received a call from the person who is now running this for the current mayor. He said, “Mr. d'Aquino, every year the mayor invites the 35 CEOs and 500 of the most important people in China to Shanghai. We invite you to come this year on the first of November to be

our keynote speaker.” I accepted, of course, and am very honored and excited. Thanks to various American presidents going right back to Nixon, China has gradually been brought into the family of nations, more reforms will take place, and China will be a very different country 15 years from now.

Editor: What are you going to tell them about the Doha Round?

d'Aquino: Many years ago, my first clients in law practice had concerns before what was then the General Agreement on Tariffs and Trade. I have always been a passionate and unrepentant supporter of the concept of multilateral trade rules. In our Council I have always said that our top priority as a business community must be to support the WTO and Doha. Doha has received one wound after another. When the great global financial crisis broke, we had meetings in Washington and London and everyone said that we must recapitalize the banks, but let us never forget the importance of international trade. Yet the moment those commitments were made, people rushed back and started implementing trade barriers.

I am too much of a WTO supporter ever to give up, but I think that it has some huge problems. What concerns me is that there isn't that zeal, that commitment that we had – thanks to American leadership – after World War II. We can't seem to achieve breakthroughs in Doha, because the Indians and Brazilians are resisting a deal. As a consequence, many countries have decided just to do bilateral deals and to take a pass on the multilateral front. I think that China and America have to play a leadership role in bringing the rest along, or else we are not going to get there.

Editor: What is your current reading on the Buy-American provisions in our stimulus package?

d'Aquino: President Obama has made a number of positive statements, and we had some strong reassurances from the Congress that the United States would respect its international obligations. That is fine on the federal level, but it doesn't bind the states or the municipalities, so we still have a huge problem. We put together a Canadian proposal that included the provinces, because that is where most of the procurement is done. The idea was that the federal government could take it to the Obama administration and say, “Here is a reciprocal proposal on procurement that recognizes on a bi-national basis that we will not discriminate against each other.” Our Minister of International Trade, Stockwell Day, recently put an informal proposal to Ron Kirk, the U.S. Trade Representative, and I am told that the administration reacted well to it. Whether it could ever get congressional approval is problematical. The automotive sector is a classic example where some components cross the border three to five times. It was talked about in Guadalajara by the three leaders, and President Obama gave the best assurances he could, but there is concern that he may defer to Congress.

Please email the interviewee at tdaquino@ceocouncil.ca with questions about this interview.