

TROUBLE ON THE HORIZON

By John Risley



At the time of this writing, the U.S. election results are uncertain. However, whatever the outcome, it is really important we understand our relationship with America is about to change. I say that because trade — free trade — has been demonized in the political rhetoric in both the U.S. and Europe.

Since the FTA was signed in the aftermath of the 1988 election, Canada has diligently worked to integrate its economy with that of the United States. Supply chains from autos to energy have been good for us as our exports have continued to grow. We enjoy a significant trade surplus with our friends to the south and trade is a much more important component of our economy than it is in the United States. This makes us very dependent on the relationship enshrined in the FTA and then NAFTA.

We all know what Mr. Trump thinks of NAFTA. But just as dangerous, the ranking Democrat in the Senate, Chuck Schumer, is also no fan of the impact which rising Mexican and Canadian exports have had on certain segments of the American economy. This position and Hillary's obligation to the far left in her party will severely limit whatever pragmatic views she might have otherwise had. At the heart of the problem is the loss of credibility suffered by those advocates of trade who played such an important role in bringing common sense and good judgment to the trade debates in 1988. Social media and easy access to the public didn't exist then. While the impact of the internet was growing, the business community was busy losing its moral authority. Compounding this problem is the absence of any obligation by those playing the social media game to tell the truth: say what you want, spread myths, ignore the facts, scare people ... anything goes. It is enormously difficult in the face of this to be an advocate for good public policy. Facts don't matter, emotions do.

So what can we do? The country needs to come together and support our energy sector. In part this means ensuring we get pipelines to both coasts. Incredibly, we are the only exporting energy producer in the world without access to global markets. This makes us hostage to the kind of political shenanigans which sunk approval of the Keystone XL pipeline during a period in which the Americans were busy building many more miles of pipeline than represented by Keystone. Hypocritical? Absolutely.

Those opposed to pipeline construction focus their anger on the emissions and other environmental impacts of Alberta's heavy oil production. They

completely ignore the fact that the industry has been steadily improving its environmental impact to the extent that such production is approaching the average emissions footprint of U.S. production. Importantly, current R&D efforts will continue to drive that impact even lower. If nothing else, the industry deserves praise and what has been a blight on Canada's international image will soon be a huge credit.

There are other reasons why this focus on the energy sector is appropriate. First, its impact is truly national in scope: just look at the angst in rural Atlantic Canadian communities as a result of the cutbacks in Alberta. Second, it is the one sector of the Canadian economy in which we can grow around our dependence on American demand. Third, make no mistake, our oil producers are getting their act together and are bound and determined to be seen as leaders in reducing their role in the impact of climate change. And finally, the sector is already large and it can be a lot larger.

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Anger at members of the National Energy Board for meeting with Jean Charest (deemed to be an advocate of Energy East) conveniently ignored those same members' meetings with aboriginal and other groups who wanted to express their opposition. Let's allow the regulators do their job and let science and genuine safety issues govern the adjudication.

If we don't get this right, we are in trouble.

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FEEDBACK

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