

Go Ahead and Reopen NAFTA

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Yes, let's punish the official who leaked the Canadian memo that created heat for Barack Obama, future president of the United States.

But let's not waste much time examining the mouth of this particular gift horse.

Let's just consider ourselves lucky that the heated U.S. Democratic presidential race may result in NAFTA (the North American Free Trade Agreement) being put back on the table.

NAFTA is deeply flawed from Canada's point of view. We failed to get the promised "guaranteed access" to the U.S. market (as the softwood lumber case amply showed), while giving up important levers over our economy – most crucially, control over our energy.

Ottawa's failure to protect Canadian energy sovereignty has always been curious. But, with oil prices leaping wildly, it takes on a whole new level of curiosity.

Here's the problem: NAFTA contains a clause that effectively prevents us from cutting back exports of our energy to the United States – even if it means there will be energy shortages in Canada.

This "proportionality clause" is highly unusual. Indeed, according to a new report by the Alberta-based Parkland Institute, it is "unique in all the world's treaties."

The oddity of this clause and Canada's willingness to accept it – Mexico refused to and was granted an exception in the treaty – has never been much of an issue in Canada. That's because anything smacking of energy nationalism has been virtually banished from this country since Pierre Trudeau put forward his National Energy Program in 1980, creating deep suspicions in Alberta of federal intrusion.

But the escalating world energy crunch should finally shake Canada out of its near 30-year slumber.

High world oil prices are at least partly a reflection of the fact that global oil supplies are dwindling; that is, we're using up oil faster than we're finding new sources of it.

This is the flip side of the global warming dilemma. While our overconsumption of oil risks frying the planet, we also risk running out of the fuel that runs the modern world – the only world we know how to live in.

Canadians are vulnerable. We have roughly a 13-year supply of conventional oil, and a 9.3-year supply of natural gas. Yes, the oil sands are massive but, with the extremely high levels of greenhouse gas emissions released in processing, they're far more problematic than we've acknowledged.

Canada already imports about 49 per cent of its oil needs (particularly in Eastern Canada), with about half coming from unreliable OPEC sources. Unlike the United States, Canada has no stockpile of oil for an emergency. It's also very cold here; energy shortages would impact us in a particularly cruel way.

NAFTA supporters insist Canadians are well served by the proportionality clause, since we get to sell our energy to the U.S. and make lots of money.

But without the clause, we could still sell our energy to the U.S. and make lots of money. The only difference would be that we'd also have the option to sell it elsewhere – including to Canadians who might badly want it. The price, which is set by world oil markets, would be the same.

So reopening NAFTA might not be such a bad thing. Of course, the Americans would be tough negotiators, and control over Canadian energy is not something they'd give up easily.

But we could hope that, a second time around, Canadian negotiators might at least be as tough as their Mexican counterparts.