

Provincial politics stand between PM and his trade plans

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Provincial politics at opposite ends of the country threaten to upset Stephen Harper's international-trade agenda.

This prime minister has been able to count on allies in provincial capitals when it comes to trade. He could open talks that touch directly on provincial jurisdiction and count on leaders like Jean Charest and former B.C. premier Gordon Campbell to stay onside, and stay quiet.

That peace might not last.

Mr. Harper's biggest trade goals include finally landing a major free-trade deal, with Europe, and advancing the sale of oil to Asia. But it's an agenda that runs through the provinces, and after elections in Quebec and B.C., new leaders might derail his plans.

The Quebec election is a tough fight for Liberal Leader Mr. Charest, a key instigator of free-trade talks with the European Union. His PQ rival, Pauline Marois, has raised qualms about those negotiations. And she's signalling a more prickly approach to trade talks all round, demanding a direct role in any future negotiations.

On the West Coast, Mr. Harper's other key trade goal, advancing the sale of Alberta oil to Asia, is already being unsettled by opposition to Enbridge's Northern Gateway pipeline. B.C.'s Liberal Premier Christy Clark, in danger of losing the next election to the NDP, has demanded a bigger chunk of the benefits to let the pipeline pass through the province. Even Mr. Harper said Tuesday that he wants a pipeline, but it might not be this pipeline.

But the man leading provincial polls in B.C., NDP Leader Adrian Dix, has signalled a broader opposition. He's against allowing oil tankers to sail off B.C.'s northern coast – which effectively means he opposes any pipeline to B.C.'s northwest for shipping oil to Asia. He's essentially promised to stand in the way of one of Mr. Harper's key goals for

expanding Pacific trade.

Mr. Dix isn't very hot, either, on the prospect of a cross-Atlantic trade deal, with the EU. But for Mr. Harper, it's even more worrisome that Ms. Marois has raised qualms about the EU deal.

What makes free trade with Canada worthwhile for the Europeans is access to government procurement contracts at the provincial and municipal levels – tenders for subway systems, power plants and so on. But Ms. Marois has said a PQ government wants to favour Quebec companies in public tendering, and since that strikes at the heart of the deal, it could be a big obstacle.

An EU trade deal would be the first big one for Mr. Harper's government, after a handful of small bilateral agreements with countries like Peru and Jordan. It has also become a test of will: Mr. Harper has opened trade talks with India and Japan and signalled a desire to enter the Trans-Pacific Partnership, a potential Pacific Rim trade bloc. But his credibility as a leader who can actually conclude a big trade deal may hinge on sealing the EU agreement.

"If he doesn't get this deal done, he can say goodbye to the rest of his agenda. It just won't happen," said Jason Langrish, executive director of the Canada Europe Round Table for Business. "If you are unable to show the will or the ability to get a deal done with a market as large as Europe, it will just cast skepticism on his ability to do it in these other agreements."

The Europeans have always been leery of the fact that the provinces won't formally sign the deal – and the EU wants them to declare their approval and back it politically.

New premiers could kill the deal. Mr. Langrish doesn't think Ms. Marois would go that far, because Quebec business largely supports it. And he expects the deal to be signed before the end of this year, before the B.C. elections – so that if Mr. Dix is elected, he has to choose whether to renege on a done deal.

But either way, Mr. Harper can expect that the tone, when it comes to trade, will change under either leader. And a big chunk of his international plans will turn on provincial votes.

