

Time to nurture our trade relations, both old and new



GWYN MORGAN

Gwyn Morgan is the retired
founding CEO of Encana Corp.

Pollsters report that Barack Obama is much more popular among Canadians than in the country where he has been elected President with 52 per cent of the popular vote.

But after the adulation of Canadians turns to economic reality, will the Democratic Party's stranglehold on both the White House and Congress turn out to be good or bad for our country's economy? Unless the actions of Mr. Obama and his Congressional colleagues differ from their campaign rhetoric, Canadians are in for disappointment.

Trade with the United States accounts for three quarters of our international commerce. During both the presidential primary and election campaigns, Mr. Obama and his fellow Democrats blamed job losses in northern rust-belt states on imports of Canadian manufactured goods.

The President-elect also vowed to help reinvestigate the waning big union movement, whose No. 1 objective is to foster protectionist legis-

lation. This would be worrying enough if the movement of goods and people across our common border wasn't already troubled by unwieldy anti-terrorism measures imposed by the Homeland Security Department bureaucracy.

Beyond that, an increasing array of regulatory and procedural measures have distorted the intent and spirit of NAFTA. Canada's forest products industry knows all too well the power of U.S. lumber producers to litigate and lobby for protectionist barriers. Our beef and pork producers are reeling from thinly disguised protectionist measures that require onerous documentation and separation of Canadian animals at U.S. feedlots and packing plants.

Much of the protectionist electioneering was based on the unimposed conclusion that our cross-border trade benefited Canada more than the United States. It is crucial that our federal, provincial and business leaders vigorously engage the White House and Capitol Hill, pointing out the enormous mutual benefits of our trade relationship. More than ever, in this time of global economic challenges, trade harmonization and security streamlining are essential to improving productivity and competitiveness in both nations. We should also firmly remind Americans that free trade underpins

their most important and secure source of imported energy, including natural gas, oil and electricity.

While Mr. Harper and Mr. Obama may come from different shades of the political spectrum, there is no reason why a positive bond cannot be developed. The same early and earnest effort needs to be made between cabinet ministers and their U.S. counterparts. The objective shouldn't simply be damage control, but rather to advance trade harmonization and free up border gridlock.

And the dialogue must be between Canadians and Americans alone. Recent experience with the trilateral Security and Prosperity Partnership of North America has demonstrated the futility of trying to handle issues that are unique to our two nations within the NAFTA straight-jacket.

The United States has very different concerns regarding the Mexican border, including illegal immigration, drug smuggling and much lower-cost labour. Looking back, a separate free trade agreement with each of the United States and Mexico would have been to Canada's advantage, but we must not let NAFTA be a barrier to bilateral trade discussions.

The bottom line is the new U.S. administration presents both challenge and opportunity for Canadians. But no

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matter how well our engagement efforts work out, it won't change the fact that the U.S. economy is in real trouble.

The Great Republic has become a debtor nation so many trillions of dollars in the hole that an extra digit had to be added to the debt clock in Times Square – and the clock's numbers don't include the many more trillions of dollars in guarantees on the debt of mortgage companies Fannie Mae and Freddie Mac, plus insurer AIG, and the banks.

The personal debt of Americans is also at record levels, all of which portends a long, grinding payback period. This serves as a jolting reminder that Canada's dependency on the U.S. economy is just too great.

We need a major diversification of Canada's trading relationships, and what better place to look than to the world's largest and richest market. No, that's no longer the United States. The European Economic Union (EU) has grown to include 27 countries who share a powerful common market.

Canada and the EU share a rich history. Millions of Canadians are of European descent; we share similar values and are partners in global security.

The EU is Canada's second largest trading partner and our second largest source of

foreign investment.

Moving Canada closer to Europe economically is a pipe dream. For many years, the EU rejected free trade overtures, but Canada and the EU have pronounced the initiation of trade talks. French President Nicolas Sarkozy, the current head of the EU, gave the impetus to the upcomming initiative while meeting Prime Minister Harper at recent Francophonie 5 in Quebec.

Achieving agreement be easy. EU negotiators already warned that agreement will not be possible as Canadian provisions maintain non-tariff barriers between one another greater than between members of the EU.

There is no doubt about the urgency of engaging the U.S. administration in the most positive and effective way. But as we look for Canadians also need to reduce both our dependency on the U.S. economy and our exposure to the unpredictable winds of U.S. trade policy. The long-hoped-for opportunity to strengthen our economic relationship with Europe is at hand. Proponents need to join forces with the Prime Minister to seize this unprecedented opportunity to diversify economic base and help create a new era of long prosperity.