

# The United States and Canada: trade that needs nurturing

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Canada-U.S. relations have not figured much in this election. As Sherlock Holmes said of the dog that did not bark in the night, this is one of the “curious incidents” of the campaign. That Canadians like Barack Obama a lot more than George W. Bush is partial explanation. Mr. Bush was a convenient pinata for the anti-American set, while Obama still represents – for most Canadians if not for Americans – hope that we can believe in.

The Liberals, in particular, have so far resisted the temptation to play the anti-American card as we witnessed from Paul Martin in the 2006 campaign and Stéphane Dion in the 2008 campaign. Michael Ignatieff has a sophisticated sense of the United States that is closer to earlier Liberal leadership from Sir Wilfrid Laurier to Lester Pearson than Pierre Trudeau to Mr. Dion. As Mr. Ignatieff wrote during Mr. Obama’s visit in February, 2009, “We can either complain about unsolved problems or seize the opportunity to excite him with the possibilities of partnership.”

Stephen Harper could easily employ these same words. The PM deserves praise for launching the Washington Initiative around perimeter security and regulatory reform in February. Better border management was promised during the 2009 visit, but in contrast to the administration attention devoted to their southern border, this disappeared into the Potomac fog. Since 9-11 the border has thickened. Drones now fly overhead and Homeland Security has tripled the staff who stand guard. There are new fees. Given American finances this trend will only accelerate without overriding policy direction. Meanwhile, both governments add to the tyranny of small regulatory differences that impose cost and inconvenience on everything from baby seats to the Cheerios that U.S. Ambassador to Canada David Jacobson eats for his breakfast.

Such actions further devalue what has been the most successful trading relationship in the world. Cars constitute 15 per cent of our exports; 80 per cent of the components we use are imported from outside (mostly the U.S.), while 85 per cent of what we produce is exported (mostly to the U.S.). Assembly requires criss-crossing the border seven times – with inspection on each crossing. Meanwhile, boatloads of cars and parts coming from Japan, Korea and China are inspected only once. So much for encouraging North American competitiveness.

Nor is the Washington Initiative a sure thing. The Harper government has defined the vision, yet little has been offered in terms of concrete objectives and even less in terms of public consultation.

Both of us have unfinished business. The top American “ask,” also an impediment to the Canada-EU Accord, has been new copyright legislation. It has failed to pass in either of the last two Parliaments. We want a presidential waiver for the Keystone XL pipeline. The long delay reflects the administration’s ultramontane attitude toward the oil sands, with protectionist “encouragement” from otherwise uncompetitive energy “alternatives.” The threat of American environmental oversight would be a blatant application of extraterritoriality that we haven’t seen since Helms-Burton and Cuba.

Then there is the clock. New Hampshire’s January primary starts the American election cycle that will effectively close our window of opportunity. The hope was to finish the preparatory work by June, but the election has intervened. There is little evidence that the Obama administration is using this time to manage interagency consultation and congressional outreach. Nor is the U.S. business community engaged. Their involvement was critical to the free-trade agreement.

Finally, there is the President. Mr. Obama wants to generate jobs by doubling U.S. exports. It makes sense to begin with your biggest trading partner, but there is little to suggest that he accords Canada the same strategic priority as Ronald Reagan or Bill Clinton did.

Mr. Obama has reached out to China and Europe and has taken trade delegations to India and Brazil, but not to Canada. His re-election will depend on his ability to create jobs. In his congratulatory call to our next prime minister on the evening of May 2, Mr. Obama should re-ignite the initiative and get it done before the snow falls in Concord.

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