

## It's not just about NAFTA

Paul Heinbecker explains what Canada can expect under an Obama administration

**Paul Heinbecker**

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During the Democratic primaries in February, Barack Obama sparked a controversy by saying he would renegotiate the labour and environmental standards of NAFTA if elected president.

Now that Obama has won, the Citizen's Doug Fischer asked Paul Heinbecker, former ambassador to the United Nations, foreign policy adviser to Brian Mulroney and Canada's lead negotiator for the Kyoto accords, what an Obama presidency might mean for Canada.

Democrats tend to be more protectionist than Republicans, and now with a Democratic Congress and Obama presidency, what can Canada expect on the trade front?

When people talk about the effects of U.S. elections, it's always about NAFTA and border issues. But there is a lot more at stake for Canada than these bilateral concerns. With Obama as president and a Democratic Senate and House of Representatives, the Americans can start to become citizens of the world again. They can pass treaties they haven't ratified in ages. So you begin to think of things like the test-ban treaty, the Law of the Sea, or some new version of the Kyoto accords -- all of these things have implications for Canadians.

But what about Obama's vow to reopen NAFTA?

Obama and a Democratic Congress might very well open up those labour and environmental provisions of the trade agreement that Obama talked about during the primaries, but there are a lot of Canadians who wouldn't mind that at all. So long as the Americans come at it recognizing that the closest they are ever going to come to energy independence is by co-operating with Canada, I think we could negotiate a pretty good outcome. It's been a long time, nearly 20 years, since the treaty was on the table, and there are plenty of items that could be added or adjusted. None of that really terrifies me.

It seems Canada does have quite a bit of leverage ...

Yes, I think so. The people who really need to be concerned, I think, are the Mexicans. The problem the Mexicans have with the Americans tend to be more labour- and environment-oriented than the problems the Americans have with us, or we have with them. A renegotiation would probably bite them more than us.

Many people believe Obama will owe labour unions and environmental advocates. Coupled with a protectionist Congress, couldn't that lead to something onerous for Canada, too?

First, it's unlikely anyone wants to tear out NAFTA root and branch. They might seek some changes. There are too many benefits from NAFTA, including energy security, for the Americans to just walk away from the agreement. Canada is the Americans' largest supplier of oil, petroleum products, gas electricity and uranium. And I think significant markets could be found for those elsewhere, if necessary. The Americans know that. So it doesn't make economic sense. Nor

does it make sense strategically for the U.S. to force Canada to seek other markets, like China, for resources. And besides, in the very unlikely chance the U.S. did just walk away, World Trade Organization rules would still apply.

But the main thing to remember is that NAFTA is going to be way down Obama's list of priorities. It's one of those we'll-get-to-it-if-we can issues. The real problem for Obama is the financial crisis, the mountain of debt. Just understanding what to do about that and then actually doing something intelligent about it will consume him and Congress for a long time to come. And after that he'll try to hang on to a few of his promises like health care and education investment and energy independence and, of course, he still has to deal with Iraq and Afghanistan. Reopening NAFTA will come after those things.

But still, couldn't Congress decide it has other priorities?

When I was in the embassy in Washington (in the 1980s) we used to joke that Congress had become atomized -- every member is his own molecule, or free radical, and does what he or she wants. But it really isn't like that. A Democratic president and a Democratic Congress -- and a Republican president and a Republican Congress -- history suggests they tend to work in tandem.

It's also worth remembering that although the Democrats are more protectionist, both parties have protectionist tendencies, although for different reasons. Historically, the Democrats, with their political base in the once-industrial northeast, were once the free traders, in part because the U.S. was the unchallenged manufacturing powerhouse. That's not the case any longer.

Most Democrats now say they oppose NAFTA which has become the symbol for bad economic times. More recently, because of the growing importance of agricultural exports, Midwest farm-state Republicans became free traders.

And after 9/11, when security concerns trumped economics, the Department of Homeland Security thickened the border, and the proportion of Canada's trade with the U.S. retreated. At the same time, (George W.) Bush was not willing to confront powerful trade lobbies, as we saw in the softwood lumber case. I guess what I am saying is that whatever the cause of protectionism, and whichever party in leading it, there are costs to Canada.

In a way, I guess, the fuss over NAFTA in February gave Canada a presence in the election it wouldn't have had otherwise.

That's right. That NAFTA thing was the only way Canada was going to get on the radar. (John) McCain came to Canada as a result, and later he mentioned in one of the debates that Canada is America's biggest energy supplier. For a while, Canada was in the spotlight. Had it not been for NAFTA, Canada would never even have been mentioned.

Canadian interests transcend bilateral relations, and that's especially the case now. An Obama win is extremely important, in my judgment, for the Americans, for Canada and for the world. He is an attractive character and if he can deliver anything close to what he is indicating, to the expectations, he can bring America a long way back from the place to which it's fallen. He represents a change in culture as much as a change in presidency. With the rise of Asia, and the return of Russia, the expansion of Europe, the times call for a U.S. leader with an encompassing world view, not just a mindset of allies and enemies and military power. We need a clean break from Bush's failed foreign policy. You've seen those polls from around the world. People are placing enormous hope in Obama. His biggest problem is going to be meeting expectations. Everybody seems to have so much invested in the guy.

According to polls, Canadians supported him 4-1 over McCain.

Yes, and in some parts of the world that makes us seem very cautious. The support levels are much, much higher elsewhere. But if nothing else, we should be rejoicing an Obama victory as a historic event. It's the end of the Civil War, and the end of slavery, in a sense. Of course, racism still exists -- the Union is

never going to be perfect -- but it represents an enormous turning of the page.

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