

OBAMA AND HARPER: A NEW BEGINNING?

John Manley

"We sometimes forget that most of the world envies our proximity to and relationship with the United States," writes former foreign affairs minister John Manley. He says: "Generally, Washington decision-makers regard Canada benignly," if not always according us the same importance we attach to Canada-US relations. With Barack Obama succeeding George W. Bush in the White House, he notes, for "the first time in eight years, the Prime Minister does not risk expending political capital at home by being seen to be friendly with the US president."

« Nous oublions parfois que la majorité des pays envient notre proximité et l'étroitesse de nos liens avec les États-Unis », note l'ancien ministre des Affaires étrangères John Manley. « Les décideurs de Washington se montrent généralement bienveillants à notre égard », même s'ils n'accordent pas aux relations canado-américaines la même importance que nous. Barack Obama ayant maintenant succédé à George W. Bush, « notre premier ministre ne risque plus, pour la première fois en huit ans, de se déprécier politiquement en se liant d'amitié avec un président américain ».



As Canada's foreign minister both before and after the 2000 presidential election in the United States, I was often in the midst of the discussions about Prime Minister Jean Chrétien's first meeting with the new president of the United States. Somehow, it had become the conventional wisdom in the media that a new president normally had his first international meeting with the prime minister of Canada.

This is not true, in fact, but when the US Supreme Court decided that the new president would be George W. Bush, there was somewhat of a media frenzy about the loss of Canada's influence relative to Mexico. After all, the new president was from Texas, a Mexican border, state, and he seemed to have more in common with the recently elected Mexican president, Vicente Fox, than with Canada's French-speaking prime minister (e.g. both presidents' preference for western boots rather than shoes!).

So extraordinary effort was put into securing an early meeting with President Bush, which in fact occurred at the White House only two weeks after the inauguration. The meeting, which consisted of a private tête-à-tête, a joint press availability and a working dinner with senior advisers and cabinet ministers (including me), was very productive, and suggested that a good relationship could be established between the two leaders. President Bush, in a private comment to me after dinner, said: "You have a hell of a boss! I can work with this guy." He went on, "But your media is even worse than ours — they really went after him, asking how he could get along with me after he dissed my father."

The President's positive reaction to the Prime Minister was music to my ears as foreign minister, as I knew that it would make it easier for me to work with my counterpart, Secretary of State Colin Powell, and for our government to get some of its issues onto the very cluttered political agenda in Washington.

The challenge for Canadian governments is not our image in Washington. Generally, Washington decision-makers regard Canada benignly, and trouble arises only when a trade issue aggravates a congressman's constituents, or when we are sideswiped by a measure intended for some other purpose. But the political agenda in Washington begins with domestic issues, which always trump anything international.

When it comes to international issues virtually every member state of the United Nations strives to get its issues onto that agenda. When Canadian issues don't matter to any congressman's constituents, they are unlikely to be very high on the priority list in Washington, except in those odd cases when the Prime Minister and the President have the kind of relationship that enables us to have access to the President's personal priority list.

The eight Bush years proved to be more challenging times for Canada-US relations than I would have predicted after that first White House dinner. The events of 9/11 and their aftermath created issues on the border that had been unexpected. Prime Minister Chrétien's decision not to participate in the Iraq war was more than an irritant in relations, and comments

critical of the President by the PM's press secretary, Francie Ducros, and by Minister Herb Dhaliwal made matters worse. Having promised to make better relations with the United States a priority, both Prime Ministers Paul Martin and Harper found that the general unpopularity of President Bush in Canada made it politically difficult to be seen to be too close to him.

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The election of Barack Obama, together with a Democratic majority in the Senate and the House, offers the possibility of a new start in Canada-US relations. Canada, with the possible exception of Alberta, is inclined to be a "blue" (Democratic) state. President Obama's early and very successful visit to Ottawa created a climate of good will and he enjoys a level of popularity in Canada that Canadian leaders could only dream about. For the first time in eight years, the Prime Minister does not risk expending political capital at home by being seen to be friendly with the US president.

Furthermore, Stephen Harper was able to go into his first meeting with the new president with some impressive leverage, not just Canada's standing as America's largest trading partner and source of energy imports, but also its role as a key ally in the new President's stated foreign policy priority, the conflict in Afghanistan.

In the aftermath of the warm glow of hearing the most charismatic president since JFK say that he loved Canada, what did the meeting really signify? Is it the beginning of a new golden era in Canada-US relations? Beyond the optics of the cordial meeting and the euphoria of the Canadian welcome, there are some hard realities

for our political leaders to contemplate, especially in relation to the three main priorities that emerged from the Obama-Harper meeting: the economy and trade; energy and the environment; and international peace and security, particularly in Afghanistan.

Despite the positive messages emerging from the summit, and the language of cooperation, there is still a

lack of substance and some contrary signals that are worrisome. The leaders talked about their mutual efforts to restore economic growth, and the new president said all the right things about respecting trade agreements and not repeating the mistakes of the past in reverting to protectionism.

President Obama had to know that his comments on trade in general and the North American Free Trade Agreement in particular would be scrutinized carefully, in light of his primary-campaign commitment to "renegotiate NAFTA." He said, "It was very important to make sure that any provisions [in the stimulus plan]...were consonant to our [obligations] under the World Trade Organization and NAFTA...That goal has been achieved... I want to grow trade, not contract it...I don't think there's anything in the stimulus package that's adverse to that goal."

He went on to say that as "one of the largest economies in the world, it's important for us to make sure that we are showing leadership in the belief that trade is ultimately beneficial to all countries."

But Air Force One was barely back in its hangar before the US agriculture lobby flexed its muscles once again, to the detriment of the American consumer and the Canadian

producer: Agriculture Secretary Tom Vilsack announced that the administration would call for stricter labels on fresh meat and meat products that would show where an animal was born, raised and slaughtered. The Agriculture Department had abruptly cancelled a scheduled announcement of the decision Wednesday morning, with little explanation, the day before Obama's trip, then announced the changes Friday afternoon, after the President's return.

In calling for the stricter guidelines, the Obama administration is breaking from rules announced by the department shortly before President George W. Bush left office. The labelling law was enacted in a wide-ranging farm bill last year, but much of it was left to interpretation by the Department of Agriculture.

The Bush administration rules, which won praise from Canada, still take effect next month. But Vilsack told stakeholders that the administration would write new rules if the meat industry does not comply with the "voluntary" standards.

The stricter labelling requirements, which also apply to some perishable fruits and vegetables, have long been debated in Congress. The meat industry and retailers responsible for the labels have protested against the changes, saying they are burdensome and would lead to higher prices. But northern-state ranchers who compete with the Canadian beef industry favour them.

The small but symptomatic beef issue pales in comparison to "Buy America," the recovery bill clause that specifies that no stimulus package funding can be used for the construction, alteration, maintenance or repair of a "public building" or "public work" unless all of the iron, steel and manufactured goods used in the project are produced in the US.

There are some exceptions to the application of the clause; for example, if sufficient and reasonably available quan-

ties are not produced in the US, if costs will increase by more than 25 percent or if it is otherwise not in the public interest.

Also, supporting the President's assurance that nothing in the stimulus package would offend international trade obligations, a provision was added: "This section shall be applied in a manner consistent with United States obligations under international agreements." However, as International Trade Minister Stockwell Day has recently noted, the US has never been obligated under WTO or NAFTA to provide access to Canada for state- or local-level procurement. Thus, there is concern that the addition of the "abiding by international agreements" provision is really not that significant.

For example, in the proposed *Water Quality Investment Act of 2009* (not yet adopted), a similarly worded Buy America clause is included, and because funds would be channelled to state and municipal governments, there would not appear to be any redress for Canadian companies affected by these restrictions.

According to published reports, it seems the Buy America clause may be hurting at least some Canadian companies already. For example, Halton Hills, Ont., manufacturer Hayward Gordon Ltd. said the new rule will preclude it from winning a contract on a Maryland water treatment project. DIRT Environmental Solutions of Calgary is opening a second plant in Savannah, Georgia, because the owner is afraid there is going to be a strong Buy America bias in the US and is already experiencing that with certain contractors. Canadian Manufacturers and Exporters president Jayson Myers said he's hearing more and more complaints and concerns from Canadian suppliers, and that firms hoping to bid on American highway and energy projects, particularly for green energy initiatives, are fearful of being shut out.

Protectionism and its cousin isolationism are never far from the surface in the United States. Canadians should hope that President Obama will use his



Jason Ransom

A parliamentary librarian explains the history of the place as Prime Minister Harper and President Obama gaze up at the Gothic ceiling of the parliamentary library, and House Speaker Peter Milliken (back to camera) looks on. For the first time in eight years, writes John Manley, a Canadian PM didn't risk losing political capital by being seen with the US president.

considerable rhetorical skills to speak truthfully and forcefully to Americans about the importance of open borders and trade in North America, as Presidents Ronald Reagan, George H.W. Bush and Bill Clinton were willing to do.

During the presidential primaries, Democratic candidates attempt-

ed to comfort workers in Ohio and elsewhere whose jobs have fled to Asia by promising to renegotiate NAFTA. As former US ambassador to Canada Gordon Giffin has written, "NAFTA is no more responsible for the loss of industrial jobs in the American Midwest than is the Treaty of Versailles." But at the time of the pri-

maries, the recession had not yet really begun to bite. The siren call of protectionism has grown louder as the economy has deteriorated, and Canada's vital interests are at risk.

Summit references to the restructuring of the auto sector were also very short on detail, but as this issue has evolved, it is increasingly difficult to find a win-win proposition. The Obama administration and Congress have shown a willingness to provide assistance to GM and Chrysler, such that the Harper government, against its ideological inclination, seems to feel obliged to follow in order to avoid seeing the jobs simply move to the United States. US automakers, who have seen much of the cost advantage in Canadian manufacturing lost in recent years, while the thickening border continues to frustrate just-in-time inventory management, are under intense pressure to relocate manufacturing to the United States.

The summiters failed to seize the opportunity to renew commitments to modernize the border as one of the means to render the domestic auto manufacturers more competitive. This ought to have been one of Prime Minister Harper's most urgent appeals, given that an automobile assembled in North America contains components that collectively have crossed the US border six or seven times and must compete with foreign-assembled vehicles that cross the border just once.

Rather, the Prime Minister's reference to the "thickening of the border" was later dismissed by the new secretary of homeland security, Janet Napolitano, in a teleconference with Canadian media. She said this description did not accurately depict the border. That the Prime Minister's concerns could be given such short shrift by a new secretary who by her own admission is unfamiliar with the Canadian border suggests that no signal came down from the summit that would give Canadian exporters hope for early improvements.

One of the most interesting aspects of Stephen Harper's prime ministership has been his evolution from climate change skeptic to self-proclaimed climate change activist whose desire to achieve more on this issue has been frustrated by the absence of a US partner.

But giving the Prime Minister the benefit of the doubt, the change in government in the US has given renewed impetus to global efforts to reduce carbon emissions. The argument that Canadian business and jobs would be prejudiced if we were significantly more aggressive than our neighbour in our approach to carbon emissions may not have occupied the moral high ground, but nor could it be dismissed as without merit. The Obama administration changes this dynamic fundamentally.

Beyond the establishment of a senior-level US-Canada "clean energy dialogue," the summit failed to put much meat on the bones of the future direction of continental cooperation on this key issue. The President acknowledged that Canada's oil sands create a large environmental footprint,

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but also that his own country is "the Saudi Arabia of coal."

However, rhetoric will not hide the fact that several competing objectives are at play here: reducing carbon emissions in the short term is inconsistent with economic strengthening, and US coal and Canadian oil sands, "dirty" as they may be, represent a potentially vital energy security resource for the US in a world of political instability.

What is urgently needed is a joint approach by the two federal governments to create continental coherence

around carbon emission control and energy resource exploitation and distribution. In an ideal world, Mexico would be a collaborator in this plan, but Mexican politics have long proven to be a barrier to meaningful policy reform in the energy sector.

The establishment of the clean energy dialogue among senior officials is interesting, but will be meaningful only if reports are regularly given to heads of government, who in turn demonstrate a real and personal commitment to achieving (and demanding) results.

Of special interest is the leaders' commitment to build a more efficient electricity grid based on clean and renewable generation. Canada is the sole source of imported electricity to the United States, and as the great blackout of August 2003 demonstrated, our electrical grids are highly interdependent.

Many electricity experts believe that north-south cooperation on electricity is much more meritorious than some Canadian proposals to build an east-west grid.

I do not believe that Canadians have yet realized the extent to which

the new president, a liberal Democrat who is so much more to Canadian tastes than was his predecessor, has decided to step up on the question of Afghanistan.

The issues at stake — regional and global security, pluralism and human rights, alleviation of poverty and protection against the training of terrorist extremists — ought to resonate with liberals. And sacrifice ought not to be a deterrent to decisive meaningful action.

I believe that Canadian distaste for the war in Iraq transferred to the Afghanistan conflict, and resulted in part in the degree of

ambivalence felt by many Canadians about the mission.

Needless to say, it was of more than passing interest to the members of Canada's Independent Panel on Canada's Future Role in Afghanistan that the press "gaggle" by Press Secretary Robert Gibbs and Deputy Secretary of State Jim Steinberg on Air Force One on the return flight to Washington included two references to the "Manley Commission."

Of interest in particular was that the new administration seems to have

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come to essentially the same key conclusions as did our panel, namely that what is needed in Afghanistan is a coordinated and comprehensive political-military strategy with increased emphasis on diplomacy, development and governance. With this approach comes the need to continually evaluate progress against meaningful objectives.

Steinberg noted that "from the President's point of view...we're going to focus on the other legs of the stool [other than military] — on the governance issues, on the development issues, on the political strategy. So there was not — there was a sense in which, at least in terms of Canada, they had really made the commitment that was needed on the military side."

Similarly, Gibbs stated: "The President believes that to focus just militarily is not going to solve the problems and the challenges that we face in Afghanistan. And as you saw the President [commended] the Canadians because the largest share of their foreign aid, of Canadian foreign aid, goes to Afghanistan.

"So when the President talks about using all elements of our national power to address these challenges, many of what Jim just talked about are

valuable roles that countries like Canada and others can play in the years ahead in stabilizing Afghanistan."

In the 15 months since our independent panel reported, approximately another 35 Canadian soldiers have died in Afghanistan. Some of the measures our panel recommended (e.g. helicopters, drones and increased military presence from allies) have not been in place for long. However, it is clear that the capacity of the Canadian Armed Forces to extend its current

mission beyond our present commitment date of 2011 is limited. Even with the popularity of President Obama it is unlikely that NATO allies will meaningfully increase commitments to the conflict, nor will it be easy to convince Canadians that the sacrifice is yielding the desired results.

The President did not ask for anything from Canada in Afghanistan, nor would he be likely to do so unless he was confident of a positive response. But with the new president's emphasis on collaboration and cooperation with friends and allies, Canada is well positioned to be part of the solution in many ways. Even if we hold to the 2011 date for withdrawal of our forces (who are likely to be replaced by American troops), we should assume that we will be called upon to continue our commitment in other ways. I would not be surprised if in part this included a somewhat reduced and perhaps redeployed military presence. As long as the International Security Assistance Force continues in Afghanistan, it will be expected that Canada will be part of it.

We should also expect that our neighbour will look to us to continue to supply a robust capability to other problem areas around the globe. I believe this is something we must be prepared to do.

General Colin Powell, the former US secretary of state, used to say that "optimism is a force multiplier." Well, for Canada, a good relationship between our prime minister and the US president is a force multiplier.

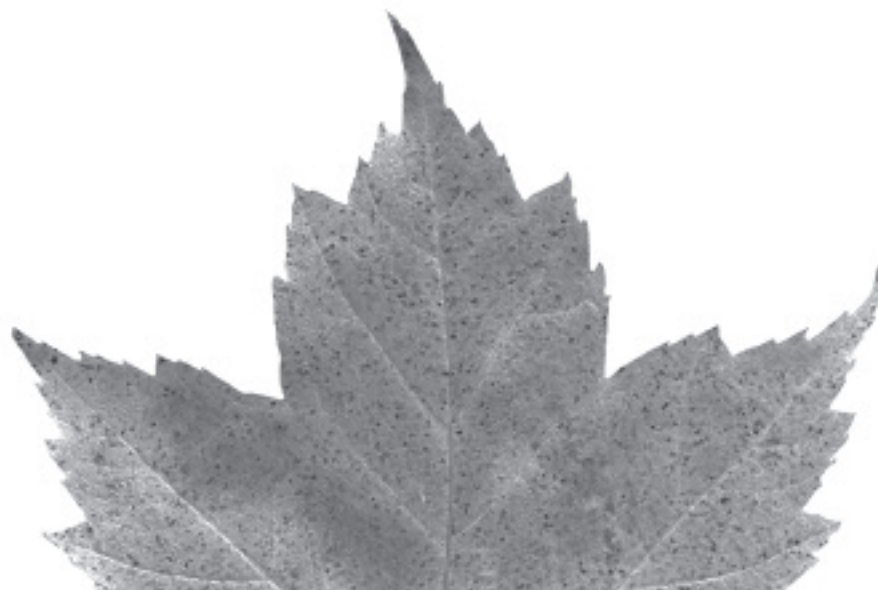
We sometimes forget that most of the world envies our proximity to and relationship with the United States. When, as we are sometimes wont to be, we are like a fly buzzing the lion's ear, demonstrating dysfunctionality in our relationship, we become less, not more, influential in global affairs. When we plot an independent course, but are constructively engaged with our neighbour, we enhance our own influence. I would describe it as the pragmatic exercise of mature sovereignty.

The challenge for Canada has always been and will continue to be finding a way onto the agenda in Washington. With our common economic interests at a challenging time, the exemplary performance of our financial institutions, the strategic importance of our oil and the important role we are playing in Afghanistan, we have more than the usual ability to get onto that agenda. Indeed, this Obama era may yet give Canada the opportunity to chart a course of cooperation based on the pragmatic pursuit of common interests, while at the same time strenuously defending our self-interest.

There is no question that the election of Barack Obama represents a new beginning for the United States. Our leaders must be very strategic in their efforts to ensure that we seize the opportunity to make this a new, progressive and collaborative era in Canada-US relations.

John Manley, former deputy prime minister, industry minister, finance minister and foreign minister in the Chrétien government, is senior counsel in the Ottawa office of McCarthy Tétrault, and a member of the IRPP Board of Directors. He was chair of the Independent Panel on Canada's Future Role in Afghanistan.

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