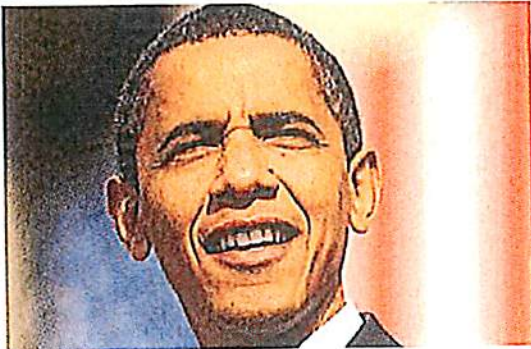


Congress, not Obama, must fix 'Buy American' clause: Experts

BY MIKE BLANCHFIELD, CANWEST NEWS SERVICE
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President Barack Obama will review the 'Buy American' provision of his stimulus package that has angered Canada, but experts warn the new U.S. president could be powerless to stop a protectionist Congress.

Photograph by: Emmanuel Dunand, AFP-Getty Images

OTTAWA — Barack Obama will review the "Buy American" provision of his stimulus package that has angered Canada, but experts warned Friday the new U.S. president could be powerless to stop a protectionist Congress.

Obama's spokesman, Robert Gibbs, stopped short of saying whether the White House shared the view of the Canadian government and some big American companies that the measure was a violation of deals such as the North American Free Trade Agreement. The provision, part of Obama's \$819-billion stimulus package, would allow only American iron and steel to be used in construction projects.

"The administration is reviewing that provision. It understands all of the concerns that have been heard, not only in this room, but in newspapers produced both up north and down south," Gibbs said.

The Liberal opposition raised pressure on the Conservative government Friday to defend Canadian producers and exporters, and leader Michael Ignatieff pledged to take that message directly to Obama when he meets him in Ottawa on Feb. 19.

"We don't need to talk about threats, but they need to understand, and this will be a message I will pass to the president, that we're a force to be reckoned with," Ignatieff told Global Television's Focus Ontario in an interview to be broadcast Saturday.

"We're the United States' largest energy supplier, not just oil, but also hydro; and they've got to understand that, if they want energy security, they shouldn't start putting up barriers to our goods and services, and that quid pro quo has to be clearly understood by the incoming administration."

In an interview with the French-language TVA network on Friday, Prime Minister Stephen Harper said he believed that the U.S. Congress, not the Obama administration, was behind the protectionist policy. And he said he would raise the issue with Obama when the American president visits Ottawa next month.

Harper said that Canada and all countries would be pressuring the United States to support free trade.

The stimulus package passed through the House of Representatives earlier this week and moves to the Senate next week. Harper has lodged a protest to Washington, calling it a "serious matter."

In Washington, Gibbs reiterated that he expects trade to be on the agenda when Obama meets Harper during a working visit Feb. 19.

Some say it's misguided for Canada to be focusing on Obama when it should be concentrating on Congress.

"Even though Obama is still in that honeymoon phase and at the peak of his power, this is not one he can fix," said Colin Robertson, a Canada-U.S. trade expert at Carleton University.

"It underlines the requirement for us to be constantly lobbying Congress — the source of the problem," said Robertson, a former senior diplomat in Washington. "It's another lesson in the difference between our systems, and a reminder of checks and balances and the separation of powers in the U.S.A."

Paul Frazer, another former Canadian diplomat who works as a business consultant in Washington, said it was inevitable the current economic crisis would awaken protectionist sentiments in Washington.

He said the Canadian Embassy has been working hard in recent weeks, knocking on Congressional doors, and forming alliances with some big businesses that also oppose protectionism.

"I wouldn't say they (the embassy) got blindsided. For any of us whose business is to keep track of what's going on, on the Hill, we have a new administration that, unlike the previous administration, is really pumping out on all cylinders," Frazer said.

Frazer and Robertson said Canada must do what it can to kill the provision at the upcoming conference between the House and Senate before the bill moves to the upper house of Congress.

"If this goes through and we do have a problem, it's good that the president will come to Ottawa and face the reality and, in his first foreign visit, see the implications of things done at home," said Frazer.

Robertson said the incident shows how Canada needs to mount a "permanent campaign" at Congress that goes far beyond the offices of the prime minister and the president.

"Using the hidden wiring of provinces and states and those relationships of executives and legislators, as well as the corporate and labour connections, we can head off stuff and get an early warning," he said.

Liberal House leader Ralph Goodale said there's "some indication the problem seems to originate more in the Congress" than with Obama and the executive branch.

"I think the ambassador and the full forces of the Department of Foreign Affairs have to be all over this file like a bad rash."

Though he remained "very concerned," Transport Minister John Baird noted only the lower house of Congress has passed the stimulus bill.

"The Senate has not dealt with it, neither has the president pronounced a view on the issue. We're obviously going to work constructively with the Congress and the administration . . . We do not want to revert back to protectionism."

Also on Friday, Trade Minister Stockwell Day pressed Canada's case with the acting U.S. trade representative, Peter F. Allgeier, at the World Economic Forum in Davos, Switzerland.

With a file from Mike De Souza, Canwest News Service