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Under Obama, challenges for Canada loom

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OTTAWA - Canada, like most of the world, was infatuated with Barack Obama. Polls consistently showed that if foreigners could have voted Tuesday, the Democratic landslide never would have been in doubt. Now, reality trumps the romance.

As he becomes the 44th U.S. president, Obama's lustre with America's top trading partner will be dulled by the day-to-day challenge that comes with sharing the world's longest undefended border and a war in Afghanistan, as well as shepherding his country's economy - deeply intertwined with Canada's - through the world's worst financial crisis since the Great Depression.



\$2 billion a day in trade crosses the Canada-U.S. border.

Jason Payne/Vancouver Province

While there could be rough spots ahead - many point to Obama's musing about reopening the North American Free Trade Agreement - there's a more ominous reason why Ottawa will have to work harder than ever to be heard in Washington.

As much as the world looked to Obama to reinvigorate America's foreign relations and its image abroad, the declining economy and the need to create jobs is threatening to transform the U.S. into a more inward-looking, withdrawn country than many could have imagined.

"They are worried about their diminished presence in the world as their economic and military power slips. A growing sense of isolationism is reinforced by the tide of red fiscal ink and economic recession at home. Protectionist sentiments are surging as the economy heads south," says Fen Hampson, director of the Norman Paterson School of International Affairs at Carleton University in Ottawa.

As America looks inward, the economic implications for Canada could be dire. Despite the fact that \$2 billion a day in trade crosses the Canada-U.S. border, that world-leading economic flow of commerce is still hampered by the hangover of the Sept. 11, 2001, terrorist attacks.

Onerous new policies by the Bush administration's Department of Homeland Security, which subject freight and human travellers to renewed obstacles, have "thickened" the Canada-U.S. border. The flow of Canadian exports, both services and goods, has declined

by eight and 12 per cent respectively, adding a two- to three- per cent cost to all new border transactions, he says.

"Border security is economic protectionism in a new guise," says Hampson.

Canada and the U.S. may have implemented a Smart Border Agreement in order to eliminate some of the red tape and keep the trade routes greased, but it does nothing to prevent the U.S. from closing the border if another large-scale of attack occurred, he adds.

Within the Canadian government, there is little optimism that an Obama presidency will make the border run smoother.

"It's true that we might share some perspectives with a potential Obama administration," Jennifer Lotin, the deputy director of Canada-U.S. relations at the Department of Foreign Affairs, told a recent symposium.

But Lotin says that because Obama comes to office with "less security capital," he may be inclined "not to pull back on some of those perceived important security initiatives and instead to maintain, to hold strong" on the border.

This might help Obama earn "a certain amount of capital and credibility in terms of reinforcing the United States perimeter."

Lotin and others say Canada has to do more to understand American anxieties, "their idea of threat," if there is any hope of making the border work efficiently.

"This is the reason why a lot of them still believe the 9/11 terrorists came from Canada - and for the record, none of them did," says Lotin. "We have to work hard at getting inside their heads and their hearts and their sense of what this is all about."

Paul Frazer, a Washington-based consultant and former Canadian diplomat, says government officials and private businesses need to be in the trenches ready to fight for attention not only from the new Obama administration but from the Democrat-controlled Congress and key government agencies.

"We must be careful not to focus solely on the president's election because that tends to lead to a blurring of the notion of power and the ability of the White House to get things done," Frazer says.

He advocates a vigorous lobbying effort by both government and business, targeting key lawmakers and federal departments and bureaucrats.

Frazer said Canadians should not get themselves "in a knot about what might happen on NAFTA."

In March, during the Democratic primary, Obama said he wanted the labour and environmental standards of NAFTA enforced, and said he would be willing to renegotiate it if necessary.

His senior foreign policy adviser later told Canadian officials that Obama was only posturing, sparking a mini-scandal that cost him the Ohio primary to Senator Hillary Clinton.

But Obama may have a hard time taking NAFTA off the table once he is in the White House because he will have raised expectations among many of his supporters that he was serious about opening it up, says Helmut Mach, director of the Western Centre for Economic Research at the University of Alberta.

"The thing is that Obama has very significant constituents in both the environment and labour fields in the United States. They are large components of his support," says Mach.

"He's got to look at it from the perspective that he wants to be president in four years again. He just can't afford to take office and say, I'm going to ignore the promises and speculations I made during the campaign."

Mach says the overriding priority of dealing with the economy could give Obama some breathing space on NAFTA for a few months.

Hampson says Obama will be beholden to unions and others who will be pressing him to "save" American jobs.

"President Obama will put a more friendly face on Uncle Sam that will make co-operation easier," says Hampson.

"But Canadians know a lot more about him than he does about Canada. His only comments about Canada during the election have been in the context of NAFTA."

But Hampson and others say Canada can still make its voice heard.

The onus will still be on Canada to make overtures to the Obama administration early on. Both he and Prime Minister Stephen Harper will have to set the tone and, although they are on different sides of the political spectrum, that won't be a major obstacle.

George Bush and former British prime minister Tony Blair "were close but not cut from the same partisan cloth," says Hampson.

Obama's renewed emphasis on sending more American troops to Afghanistan and his desire to pull back from Iraq could provide some fertile common ground in initial meetings with Harper.

"What may work to Canada's advantage is that Harper and Obama are both relatively young, both are cerebral, and both are policy wonks," Hampson says.

"Obama might also look to Harper for advice on tough files like Afghanistan where we are a key ally and have lots of military and political/diplomatic experience to field in addressing that country's problem."

But Obama's renewed focus on Afghanistan - especially if the U.S. adds anywhere near the 15,000 to 20,000 extra troops American commanders are calling for - places Canada

in a difficult position as our 2011 deadline for a military withdrawal from Kandahar approaches.

What if Obama asks us to stay?

"Do we cut our losses on an increasingly costly and unpopular mission, recognizing that it will almost certainly reduce our influence and visibility with a new administration?" asks Hampson.

"Will Canadians be willing to follow a course set by Obama that under Bush they did not want to follow?"

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