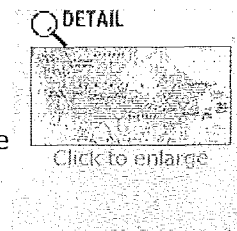


Crazed by thirst

Sep 13th 2001 | VANCOUVER
From The Economist print edition

Canadians are in a lather over water exports

CANADIANS have been worrying about water this summer. First severe drought hit southern Alberta, Saskatchewan and Ontario, turning crops to dust. Then contaminated drinking water left seven people dead in Ontario, and thousands sick in Newfoundland and Saskatchewan. A proposal to export tanker-loads of water from Newfoundland to the United States has triggered alarm. Some Canadians even fear that the North American Free-Trade Agreement (NAFTA) threatens their government's ability to exercise sovereign control over their water.



Canada contains about one fifth of the world's fresh water. That abundance has long been the target of covetous eyes from drier Americans to the south. Inconveniently, most of Canada's big rivers flow north or east. In the 1960s American engineers dreamed up fanciful schemes to divert some of them to the south. Now some Canadian politicians see profit in exporting water southwards by easier means.

In the spring Newfoundland's premier, Roger Grimes, said he would consider a businessman's proposal to pay C\$20m (\$12.8m) a month to take 13 billion gallons of water a year from a lake and ship it to the United States. Mr Grimes said he was ready to lift Newfoundland's ban on such exports, but only after public hearings.

Opponents fear that this opens a hole in the dyke. Water has long been publicly owned and supplied in Canada (though there is an export trade in bottled water). However, if a province starts to export bulk water, that would turn it into a traded commodity. Critics claim that NAFTA would oblige Canada to supply its trading partners with water on the same terms it gives to its own consumers.

In fact, NAFTA says nothing about water supplies. Officials insist there is no need to worry. They point out that an amendment to the International Boundary Waters Treaty Act, due to be approved later this year, will prohibit the bulk removal of water from basins that straddle the border, notably the Great Lakes (Newfoundland will not be affected).

However, provincial governments have constitutional authority over natural resources. The federal government is pushing the provinces to agree to a national ban on the bulk removal of water from all drainage basins. Only half of the provinces have signed this, but the others have their own bans on removing water.

Even so, the government faces vocal demands to enact a national ban on bulk water exports. It has no plans to do so. "Water is not a [tradable] good, it is a resource that needs to be managed," says Pierre Pettigrew, the trade minister. Indeed: rising demand, pollution and climate change all mean that Canada is using most of its easily accessible water. That is partly because consumers pay a low tariff, unrelated to the amount used, which encourages waste. The environment ministry is now studying ways of pricing water.

In fact, it is not clear whether a federal law banning bulk water exports would trump provincial authority over natural resources. With Alberta and Quebec (and now Newfoundland?) jealous of provincial rights, such a law could trigger a constitutional squabble—something for which Canada's prime minister, Jean Chrétien, may have no stomach. The political splashing looks unlikely to stop.
