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Selling water on the agenda at 3-way talks; Canada, U.S., Mexico to discuss future trade in precious resource

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Canadian water is on the table at trilateral talks between politicians, businessmen and academics from Canada, the U.S. and Mexico.

A series of private conferences for the North American Future 2025 Project will include the discussion of "water transfers" and diversions, according to the outline for the project, a trilateral effort to draft a "blueprint" on economic integration for the governments of Canada, the U.S. and Mexico.

The project was launched by the three governments in March 2006 to help guide the ongoing Security and Prosperity Partnership (SPP), a wide-ranging effort to further integrate the countries' practices on everything from environmental rules to security protocols and border controls.

A draft report will be submitted to the three heads of state at an partnership summit in Alberta in August.

"It's no secret that the U.S. is going to need water. ... It's no secret that Canada is going to have an overabundance of water.

"At the end of the day, there may have to be arrangements," says Armand Peschard-Sverdrup, director of the project, which is spearheaded by the Center for Strategic and International Studies, a powerful Washington think-tank, in partnership with the Conference Board of Canada and CIDE, a Mexican policy institute.

No one will force Canada to sell its water, he says, stressing that the project is "an analytical exercise ... it doesn't commit the governments to anything. ...

"Canada will have to make its own decisions. We recognize that," he says, recalling that water was "the most sensitive topic in conversations" with the Privy Council Office when the project was launched under the former Liberal government.

"But they all felt at the end of day that it's an issue that had to be looked at."

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Water and other environmental issues will be the topic of April 27 talks in Calgary to which some environmental research groups, such as the Pembina Institute, have been invited, he adds.

News of the talks emerged the same day as the UN's blue-chip panel on climate change released a report predicting that the U.S. would clash with water-rich Canada as the drought-stricken MidWest looks north to the Great Lakes.

Gordon Hodgson of the Ottawa-based Conference Board says that, even though it includes the board's logo, the project outline does not necessarily reflect his institute's views.

"The reality the Americans perhaps don't fully appreciate is that we don't have a whole lot of water to export. ... There are near-scarcity conditions in Western Canada, and a lot of water is being used to extract bitumen from the oilsands."

He says the outline is just a "catalyst for discussions."

But Maude Barlow of the Council of Canadians, which obtained the outline, says it "shows the American government and its think-tanks ... see Canada's water as a North American resource, not Canada's."

Ms. Barlow says there has to be a national debate on Canada's water policy, noting that there is no law banning the bulk export of water, even as Canadian supplies dwindle.

Canada only has 20 per cent of the world's water "if you drained every lake and river," she notes, saying the actual supply, the amount that's accessible, is only about seven per cent of the available freshwater supply.

The outline says that "fresh water is running out in many regions of the world," particularly the U.S. and Mexico.

By contrast, it says, "Canada possesses about 20 per cent of the Earth's fresh water."

It goes on to say that Canada, the U.S. and Mexico need to discuss solutions such as bilateral agreements on "water transfers" and the diversion of water.

The outline notes that "the overriding future goal of North America is to achieve joint optimum utilization of the available water."

Pressure on Canada from the U.S. will be intense, according to the UN report, which warns that drought may cut a key Texas aquifer that supplies water for two million people by 40 per cent, and decimate the Ogallala aquifer, which underlies eight U.S. states.

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strategic position vis-a-vis the United States."

One of the wilder schemes at the time was a plan to transport water by tanker to the Middle East. Another bizarre notion called for towing icebergs from the North.

(A little-known fact: Canada does export water -- by pipe -- from Great Vancouver to Point Roberts, a peninsula of Washington state inaccessible by land from the U.S., and to Sweetgrass, Montana, from Coutts, Alta. "It's a little neighbourly thing to do," says Pearce. "Obviously the water export schemes being discussed at the time were much larger and of great strategic significance.")

The 1985 report urged the federal government and the provinces to create a national water policy that would anticipate foreign demand for bulk exports of Canadian water while considering the complex environmental and ecological ramifications of shifting water from one place to another.

Then-Conservative Environment Minister Tom McMillan welcomed the findings with enthusiasm and without reservation. "Canadians are paying a high price as a country for that neglect," he said.

And then? Nothing.

The government lost interest and in 1990, apparently on the whim of senior bureaucrats, the Department of Environment scrapped the Inland Water Directorate that was devoted to federal water regulations.

Pearse says he is still mystified that the government suddenly lost interest. "Nobody in Ottawa knows where water is any more," he says. "I guess governments and priorities change."

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Water has ebbed and flowed on the agenda for more than a century and is just now resurfacing.

Federal responsibility over water currently involves combating pollution, overseeing fisheries, navigation and water on federal lands, including water supply on some native lands. The provinces hold power over most water in Canada, but the federal government has jurisdiction over treaties and disputes over rivers and lakes that straddle international and national boundaries.

Twenty years after the Currents of Change report, the U.S. and Canada continue to forge closer trade and security agreements. The only difference now is that Earth -- and by extension, water -- is threatened by climate change.

There is plenty of evidence to suggest the U.S. views Canada's water supply as a solution to future shortages, say many observers including the Council of Canadians, a left-wing citizens' group, plus the federal NDP and Green Party.

The groups have a surprising ally in the Conference Board of Canada. The business-oriented think-tank recently called on Canada to ban bulk water sales before they begin.

"Across North America, the answer to water scarcity is not trade, but better water governance and management," said Gilles Rheaume, the board's vice-president of public policy. "Canada's fresh water resources are less available than we think."

The Conference Board wants Canada to put a price on water, which it says will stop wasteful and water-

complacent Canadians from using far more than they need.

Unlike gas or electricity, Canadian consumers do not pay for the water they use, but rather they are charged for the cost of treating and delivering the water. Barely half of the country has metered delivery. Canadian industry pays nominal amounts, nothing close to the cost of the vast amounts of water it uses.

With a handful of exceptions, drinking water and wastewater in Canada is publicly managed by municipalities and overseen by provinces. The few provinces without water management and treatment policies at the time of the Walkerton tragedy seven years ago have them now.

Council of Canadians chairwoman Maude Barlow likes the idea of pricing water but worries that doing so will be the thin edge of a wedge that under U.S. pressure will lead to bulk water sales.

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Most water used in Canada is consumed by agriculture and industry; households consume around 10 per cent. We cherish water in an almost spiritual way, but like all humans with an apparent abundance, we take it for granted -- at least until it poisons us, as it did in Walkerton, or until it disappears, as farmers in Alberta and Saskatchewan well know.

But perhaps we should no longer assume it will always be there. To understand why, a short lesson on Las Vegas is useful. About 1.8 million people live in greater Las Vegas -- 600,000 of them in the city core. Six thousand more arrive every month, attracted by plentiful jobs, low taxes and scorching sunshine. The people of Las Vegas, annual rainfall 10 centimetres, consume about 870 litres of water per capita each day, which makes them North America's top water guzzlers.

At least 70 per cent of residential water is used to irrigate lawns, fill pools and wash cars. Housing and hotel developers want more water to accommodate the bulging population and the 40 million-plus visitors who come to play each year.

Some developers have lamented that Vegas -- with 60 golf courses in the region -- is seriously "undergolfed." Since 1999, Las Vegas has paid residents \$2 a square foot to dig up their lawns and surround their houses with "drought tolerant" plants and "water smart" landscaping. The initial response was promising but interest has waned. None of this would matter if Las Vegas, an entertainment centre in the desert, had any water of its own. But it doesn't.

Sin City is one of the more egregious examples of what water conservationists, environmentalists and political activists call unsustainable water consumption. In simple terms, they are sucking up finite supplies of water -- in the Vegas case sharing the Colorado River with six other states and drawing the rest (12 per cent of its annual consumption) from groundwater.

People in dozens of cities and towns in Nevada and Arizona have been living in a drought region for several years. And although California is the world's innovator in water conservation and re-use, it too might also be looking for new water supplies within 10 or 20 years.

Canadian water activists such as Maude Barlow and Green Party Leader Elizabeth May fear the United States and Mexico, and even other thirsty southern nations, view Canada as a potential supplier.

In many parts of the world, water is a commodity sold and transported by profit-making corporations

across international borders, either by container ships or pipeline. The dilemma for Canada and Canadians, say Barlow and her allies, is this: Do we privatize water management, fix a price and trade and transport it elsewhere to irrigate the lawns of Las Vegas or to grow crops? Or do we keep it exclusively under public ownership with strict, non-commercial rules of sharing?

Aware of our deep attachment to water, politicians of all stripes deliberately ignore the subject or do their dealings out of the public eye.

Water is not specifically part of the North American Free Trade Agreement (NAFTA). Because it was not excluded or included as a tradable commodity, international law experts argue over whether the U.S. or Mexico could use NAFTA to claim Canadian water.

There is deep suspicion at the Council of Canadians and among the NDP and Greens that water is part of the hidden agenda of the Security and Prosperity Partnership (SPP) -- the so-called Three Amigos Accord signed more than two years ago in Waco, Texas, by leaders Paul Martin, George W. Bush and Vicente Fox.

Last week, the NDP succeeded in getting the first open discussion of the accord at an all-party House of Commons committee. NDP Trade critic Peter Julian, who pushed to get bulk water exports on the agenda, says the discussion was just a start.

"We must have a debate in this country," agrees Barlow who is the co-author of *Blue Gold: The Battle Against Corporate Theft of the World's Water* and is now at work on a second book on the subject.

"What's the right thing to do in sharing our water? Do we hand it over to corporations? Polls show that the vast majority of Canadians believe our water is a public trust and should be left here and not commercialized.

"If we start exporting water for commercial purposes," she adds, "it will go to the places that can afford to buy it and not the places that need it. It will go to allow Americans to be horrible water guzzlers, have their million-plus swimming pools in California, water their golf courses and have their Las Vegas-type cities in the desert.

"If you're really helping people in need, that's different. But if you're helping sustain a way of life that is not sustainable, I deeply disagree with it."

In other parts of the world, especially in the Middle and Far East, there is a brisk business in water, both within and outside national boundaries.

"There is a lot of hesitation about trading water because its ritual purities exempt it to a certain extent from the market," explains Stephen Lonergan, an international expert in water trading.

"There is an African saying I like: 'We don't go to water ponds merely to capture water, but because friends and dreams are there to meet us.' Water is a social phenomenon and giving up our water is giving up our sovereignty and our livelihood."

Lonergan notes that Turkey is sending tanker water to Cyprus and Israel. "It is economically feasible now if distances aren't too great. But as the price of water increases, its transportation over longer distances becomes more economically viable. All of this will continue to add pressure on Canada to share its water supply, but there will continue to be resistance against it in this country even though it

could generate huge amounts of money."

Mexico is also a significant player, says Tim Downs, an environmental and water specialist at Clark University in Worcester, Massachusetts. "I don't think it's an exaggeration to say the U.S is running out of water," says Downs. "Piping water from Canada would definitely be on my list, but the competition for water along the Mexico-U.S. border is also huge.

"Because of NAFTA, there has been a rapid growth in population and in industrial production along the border," says Downs. "Groundwater in that region is being depleted but more people are being attracted there because of economic growth. In some places population growth is four per cent a year, which suggests a doubling of the population in less than 20 years.

"Water is interwoven into Canada's culture," he adds, "but if the price is right, I can envisage a scenario where people could be encouraged to export a portion of their water."

Retired public servant Frank Quinn, who was research director for the Currents of Change team, still favours fixing a price on water as a conservation measure but is optimistic bulk exports won't happen.

It's logical, he suggests, that before approaching Canada, the United States will bring water down from Alaska which, according to the U.S. Geological Survey, holds one-third of all available U.S. water and is the only jurisdiction in North America that allows sales of its bulk water.

"Alaska would be happy to do that," he says, "but it won't be free."

Quinn also expects the U.S. to make significant conservation strides before it seriously contemplates importing from Canada -- an expensive uphill journey all the way for pipelines.

David Feldman, who heads the political science department at the University of Tennessee, says no country can say "never" when it comes to selling a portion of its natural resources.

"When you have a transboundary resource," he adds, "you can say adamantly that you won't sell or mortgage your national resources, but if climate changes, and the value of the resource increases with demand, some political groups might be willing to sell.

"People have to talk about this openly now so they don't get blindsided by rushed, shortsighted decisions."

Feldman says that in principal he has no problem with the United States buying Canadian water under two conditions:

1. There are protections for people who may not be able to afford to buy it.
2. The water isn't used for unsustainable lifestyles.

"So it's not inherently bad to have markets to buy, sell, trade water," he says, "but we have to have ways of protecting both the resources and those who are less well off. There will be demands among some groups in the U.S. to sustain the same level of water use that we have now and increasingly they will look covetously towards Canada and say, 'You have water and we don't, so here's the deal,'" Lonergan agrees.

"I don't mind the transfer of resources like water," he says, "but I don't like to see it go to support unsustainable activity. There is no way, for instance, that a million people should be living in Las Vegas."