

## Dry facts demolish vision of Canadian water wealth

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Over the past half century, many authors have toyed with the notion of bulk water export. One of the more recent efforts was a report published by the Montreal Economics Institute last year entitled *Quebec's Blue Gold*.

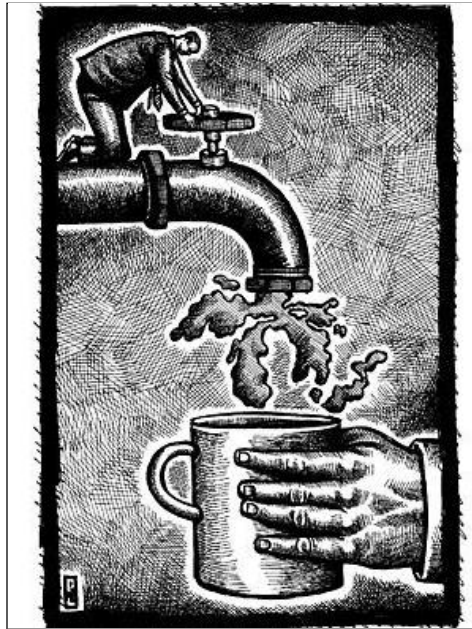
Most reports of this type tend to be enthusiastic about the prospect of bulk water export, and many have spoken about its inevitability and even its immanence. They have always turned out to be wrong for the same basic reasons. All tend to be over simplistic, and all are based on some or all of the following misconceptions.

The first myth related to bulk water export issue is the myth of Canadian water abundance. Canada has about 7 per cent of the world's renewable water supply, which is much less than either Brazil or Russia, and about the same as the United States. That 7 per cent of the world's renewable water supply meets the ecological needs of about the same proportion of the world's land mass, so from an ecological perspective, we have no water to spare. Large parts of Canada such as the Prairies and the Okanagan Valley are semi-arid, and many of the lakes and groundwater aquifers that we treat as bottomless reservoirs renew at an extremely slow rate, so that, in many cases, we are actually draining them for generations to come.

The second dimension is the myth that the United States is running out of water. On a national scale, the U.S. still only consumes about 10 per cent of its renewable water supply. And water use in that country has actually been declining over the past two decades. There are several reasons for that. First, the U.S. has made considerable progress on water conservation, especially in agricultural regions. Also, some of its laws have changed to allow water to move from lower valued to higher valued uses. As well, it has accidentally exported a lot of water use to less developed nations as a result of outsourcing manufacturing to low labour cost countries.

A third dimension to the water export issue is sovereignty. In Canada, we do not generally sell water, even to Canadians. We give individuals and institutions a right to use it, and we sell water services. Governments can theoretically take back the water rights they give to Canadians, but they could never take them back if they ever gave or sold them to another country. Water is not like oil – there are many energy substitutes, but there is no substitute for life-sustaining water.

A fourth dimension is the economic one. You can read lots of claims by entrepreneurs that there are bucketloads of money to be made by selling Canadian water. Most of those claims are based on three faulty assumptions – the first is cost. For example, while I was in government, we had a



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top-notch engineer do an independent analysis of the cost of the Grand Canal scheme to divert water south from James Bay. He calculated that it would cost at least 10 times as much as was claimed by its promoters.

Another faulty assumption is the notion that water has no value, and will never have any value in the donor basin. And yet another error is in overlooking the much lower-cost alternatives that always exist much closer to home. As a generality, it is safe to assume that most large-scale, long-distance export schemes would return about a nickel or a dime for every dollar invested. Those kinds of projects simply could not happen without massive taxpayer subsidies.

One exception may eventually be marine tanker export. But that could only serve communities situated right on the east and west coasts of the southern U.S. The economics surrounding tanker exports within North America are a little better than for major diversions, but it still would not be profitable at this point in time. The province of Newfoundland studied that possibility in great detail and decided it would not work on the east coast. And on the west coast, Alaska has had a For Sale sign out for two decades, and still has not sold its first boatload of water.

The fifth dimension is the water-energy connection. Theoretically, water scarcity could always be overcome by some combination of desalinization, cleaning up waste water to a very high standard, and moving water over long distances. But those options are all huge energy destroyers. The further we move down any of those paths, the sooner we will arrive at the inevitable global energy crunch.

The final dimension I would like to touch on is the political one. Many Canadian politicians have toyed with the idea of bulk water export behind the scenes since 1960. However, once the economic and environmental realities have been explained to them, and once they realize that 70 per cent of Canadians have always opposed bulk water export, they have inevitably beat a hasty retreat.

There is a growing consensus in Canada, and for that matter in much of the United States, that water should generally be kept within its major natural drainage areas and used more efficiently. That fundamental premise is central to the Great Lakes agreements recently negotiated between the eight Great Lakes States and two Canadian Provinces. And it is also consistent with existing legal regimes in most Canadian provinces.

The Canadian Water Issues Council at the University of Toronto recently proposed federal safety net legislation with a similar aim in mind, and actually developed a Model Act to achieve it. Last year the federal government committed itself in a Speech from the Throne to moving forward with legislation of that nature.

This may provide an excellent opportunity to take the bulk water export illusion off the table for the foreseeable future, and prevent it from further distracting us from the serious work of managing domestic and shared waters for the benefit of current and future generations of Canadians and Americans.

*Ralph Pentland is the author of "The Future of Canada-US Water Relations: The Need for Modernization" in the July-August issue of Policy Options, a magazine published by the Institute for Research on Public Policy. He is the president of Ralbet Enterprises Inc., acting chairman of the Canadian Water Issues Council and a member of the Forum for Leadership on Water.*