

Quebec think-tank favours water exports

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A Quebec think-tank with a blue-chip business board of directors has waded into one of the most controversial issues in Canadian politics by coming out in favour of bulk water exports.

“Large-scale exports of fresh water would be a wealth-creating idea for Quebec and for Canada as a whole,” the Montreal Economic Institute said Wednesday. “It is urgent to look seriously at developing our blue gold.”

Indeed, Quebec could generate \$65-billion a year in gross revenue, if it were to export 10 per cent of the 1 trillion cubic metres of “renewable fresh water” available to it each year, according to an MEI research paper, which was prepared by Marcel Boyer, the organization's chief economist and vice-president.

That's based on a price equal to 65 cents a cubic metre that it currently costs to desalinate sea water, which, the paper said, will ultimately determine the commercial value of fresh water and profitability of the spending on infrastructure that would be required.

Internet Links

- Read the study
<http://www.iedm.org/main/show_publications_en.php?publications_id=226>

Even if the province were to charge a royalty of just 10 per cent on such exports, this would bring it \$6.5-billion a year in income, the paper said, about five times the dividend currently paid by Hydro-Québec.

The MEI released its research paper at a time when the debate about water is again on the boil.

Just last Wednesday, the Canadian Press revealed that Environment Canada had warned in a draft internal report last December that the country's supplies of fresh water are not as plentiful as once thought and that shortages threaten to pinch the economy and pit provinces against each other.

As well, the city of London, Ont., recently voted to ban sales of bottled water in city buildings, arenas, community centres and possibly even golf courses.

The wider issue of bulk water exports from Canada has cropped up regularly in the past 40 years, with a number of schemes proposed by various companies over the years. All have met with controversy and all have been shot down.

However, Liberal leader Stéphane Dion alleged a year ago – provoking denials from the federal government – that there have been secret talks between Ottawa and Washington about water sales to the United States, areas of which are growing increasingly parched.

As well, a research paper commissioned by the Munk Centre for International Studies at the University of Toronto and

released last September warned that Canada remains vulnerable to such diversions of its water, despite repeated assurances to the contrary from the federal government.

The MEI bills itself as an independent, non-partisan, non-profit body that takes part in public policy debates in Quebec and Canada “by suggesting wealth-generating reforms, primarily on matters of taxation, regulation, health care and education.”

Its 14-member board of directors is drawn mostly from corporate Quebec and includes Canam Inc. chairman and CEO Marcel Dutil, RBC Capital Markets vice-chairman Jean-Pierre Ouellet, Reitmans (Canada) Ltd. president Jeremy Reitman, and former National Bank of Canada president Léon Courville.

The MEI's research paper acknowledges that water exports are a contentious issue, but argues that ways around the controversy should be found.

“Water clearly is a resource that is essential to life, and turning it into a business may arouse fears that it could one day be overexploited,” the paper says. “But these fears can be calmed if a legal and regulatory framework is established. Regardless of the fuss, it is not necessary to prohibit trade in water.”

What is more, it says, determining a competitive price for water could be a “major incentive” for its “more efficient and economical” use both in areas where it is abundant and regions where it is scarce