

Intelligence MEMOS



From: Christopher Sands

To: Concerned Canadians

Date: November 9, 2020

Re: **WHAT DOES A BIDEN PRESIDENCY MEAN FOR CANADA?**

Christopher Sands answered that question for Michael Hainsworth in the C.D. Howe Institute's [podcast](#). Here's an edited version of his comments.

I think we can expect a kind of return to normal. Biden's an old hand, he's been around Washington almost 50 years. He's a centrist, moderate, and having served on the Senate Foreign Relations Committee, his foreign policy and his approach to Canada are well known. He was the senior US representative at the Vancouver Olympics in 2010 and he has already met Justin Trudeau, notably making a trip to Ottawa following the US election in 2016. So in some ways, relations with Canada will be turnkey for Joe Biden, who we can expect to come in and put some of the rougher, disruptive moments of the Trump era into the rear-view mirror.

Trade policy is one area on which both nations agree, and I think a lot of times the US bipartisan consensus is missed because of all the noise of the Trump era. USMCA, the trade agreement they call CUSMA in Canada, won broader bipartisan support in the House and Senate than NAFTA, and even bigger majorities than we had for the Canada-US Free Trade Agreement or the Uruguay Round of the General Agreement on Tariffs and Trade.

And I think that this signals that US trade policy has a new centre: we're all for market access, where we're competitive and strong, and we want to protect our declining industries. Now that's what most countries do. It's only a surprise because the US once spoke about trade in terms of big principles. We were for free trade, even if it hurt us in the short term. That seems to have shifted under Trump. And I don't see the Biden administration changing that.

On energy, I actually think that Joe Biden could be very good for Alberta. First of all, during the campaign, Biden said he would revisit the presidential permit that was granted by the Trump administration for the Keystone XL pipeline. The US presidential permit process was established by a series of executive orders, and the permit is both a construction permit and operating permit that is subject for review only if an alteration or maintenance is proposed. In that case, a Biden administration could revisit the permit. The border-crossing segment of that pipeline is the only place that the presidential permit applies, and it has already been built. So I think that's somewhat of an empty threat.

That means that, although you'll still have some court cases, Canada's in line to gain more access to the US Gulf Coast and, because of TMX (Trans Mountain) pipeline moving ahead, additional access to the Pacific. That could finally break Canada out of the jam that Alberta's oil patch has been in, where the US is its only market accessible for the oilsands. Access to global markets will help because the US has taken a discount on Canadian oil for a long time, and this could get Canada closer to a world market price.

Second, Canada could benefit because Joe Biden has talked about the importance of addressing climate change and about eliminating hydraulic fracturing, fracking, certainly on federal lands and possibly elsewhere. That's good news for Alberta because what that would do is lower US production which could once again give Canada access to an expanded US market. Canada, long the number one foreign supplier of energy to the United States, particularly oil and gas, will be there to pick up the pieces as the United States' most friendly and reliable energy trade partner. I think that that's a huge opportunity.

A third area in which Canada could benefit from energy policy in a Biden administration is less about Alberta, but could benefit other parts of Canada. Joe Biden's centrist approach to climate change will include things like hydroelectricity from Canada, whether we're talking about Hydro-Quebec electricity getting to Massachusetts through that connector they're building in Maine, or more electricity through the Columbia River treaty out West or from Manitoba Hydro, which also has capacity for export.

I think that's potentially a very big opportunity for Canada.

And lastly, a Biden administration could present a huge opportunity for small modular nuclear reactors and atomic energy. Canada has some great designs. Ontario Power Generation is using them in the field. There's a real opportunity for a sort of nuclear revival. And this is where I think Biden is a useful middle ground: he does share the desire to act on climate change, but unlike some of his fellow party members who are more or less signed on for the Green New Deal, he's open to pragmatic solutions that might get the job done quickly and efficiently. And this is something I know a lot of people have struggled with in terms of climate change. Why can't we do nuclear if it's small and safe, why can't we do hydroelectric? And I think in both of those areas, Biden's centrism will be good news for Canada.

Christopher Sands is director of the Canada Institute at the Woodrow Wilson International Center for Scholars and a professor of Canadian Studies at the Johns Hopkins University School of Advanced International Studies (SAIS) in Washington.

To send a comment or leave feedback, email us at blog@cdhowe.org.

The views expressed here are those of the author. The C.D. Howe Institute does not take corporate positions on policy matters.