

NATIONAL POST, OCTOBER 10, 2014

nationalpost.com FP9

PETER FOSTER

Look who's demonizing Canadian oil

The U.S. thinking of the Fuel Quality Directive is good news for the oil trade, but represents just one small victory in an ongoing war. The latest front is the development movement. Next month, in Montreal, an organization called the Canadian Youth Climate Coalition, CYCC, is set to hold a "convergence" on pressing institutions such as pension funds and university endowments to ditch their shares in Canadian oil and gas companies.

"On those students," you might say, "always protesting about something." But the CYCC isn't some Quaker group of young idealists. Its members' threat is the offspring of an international campaign — backed by the U.S. Foundation — to "Normalize the fossil fuel industry and create a transition to a clean and just energy economy." Its targets include Canadian Natural Resources, Suncor, Husky, Talisman, Cenovus, Nexen, Canadian Oil Sands, Imperial Oil and Enbridge.

CYCC is part of the same movement that recently saw the Rockefeller Brothers Fund declare its intention to sell its fossil fuel interests. That announcement was more PR than substance. Still, development agitation is growing. Blameless, one of the most prominent Canadian activists is Thomas Van Dyck, a senior executive in the Wealth Management division of the Royal Bank of Canada. CYCC has also been supported by the TD bank.

What are these banks, heavy lenders to and investors in the oil industry thinking? David Hewitt was inspired by American Bill McKibben, founder of 350.org, which CYCC acknowledges as its partner in the "Stop Oil Refineries" initiative. Mr. McKibben is the activist guru of illustrious activist Tim Wirth, who has been using his money to influence the U.S. mid-term elections and, in particular, "push" those who refuse to fall in line on climate. Both men have been rabid opponents of the Keystone XL pipeline, and important in forcing President Obama to delay its approval.

In January of this year, Ellen Denore, executive director of the Washington-based Wallace Global Fund — a major backer of radical environmental groups — launched Denore-Pollack-Pittsburgh, supported by investment foundations, including the Schmidt Family Foundation, an institution created by Eric Schmidt, the executive chairman of Google.

The Denore/Pittsburgh movement claims that fossil fuel development is analogous to the development movement against South African apartheid (Apartheid Investment Treaty is its major supporter). In fact, the comparison is inappropriate because climate change is a scientific issue with possible need for legislation depending on causes and future costs, both of which — as the International Panel on Climate Change (IPCC) estimates — are increasingly uncertain. Even a "little bit" of apartheid is morally repugnant, whereas a small amount of global warming is required to be beneficial. Ironically, meanwhile, South Africa is among those countries that desperately need more fossil fuel-based energy to grow.

According to CYCC, "the development movement is the fastest

Our bodies have changed in the last generation, making us more susceptible than we were a few decades ago

More vulnerable to disease

LAWRENCE SOLOMON

Something's happening to our bodies and we don't know what it is. At the same time that we're living longer and seemingly stronger, we're also becoming surprisingly vulnerable.

A striking example of our new vulnerability involves the smallpox vaccine, which a generation ago was universally administered — credited with eradicating smallpox, this was seen as a safe vaccine whose adverse side effects were infrequent. Today this same vaccine is no longer so safe, not because it has changed but because we have.

"Thirty per cent of the population has a contraindication to receiving the current vaccine," says Dr. Gregory Poland of the Mayo Clinic Vaccine Research Group, which makes us susceptible to dangerous complications such as encephalitis and heart attacks. The risk to us from this one trial-and-true vaccine, explains Dr. Poland, has become "higher than the risk of exposure to the wild virus." To protect against a possible terrorist attack using smallpox, the U.S. government has funded Poland's team — leaders in the field — to develop a new smallpox vaccine that will cope with many of our risks.

In other areas, too, our body's ability to cope with life's challenges has changed over the last generation. Fossil-borne medicines, formerly a staple of school lunches, are today as dangerous for us as the medicines themselves. Autism rates have especially soared, with no end in sight. A generation ago, autism was all but unknown. A decade ago, its rate reached one in 150, and today, says the Centers for Disease Control, it affects one child in 68.

The cause of the rise of our domestic autoimmune diseases is not clear. The rate of chronic health conditions such as asthma and learning disabilities among children more than doubled in just over a decade. From 12.8% in 1994 to 26.6% in 2006, the rate of childhood diabetes has risen. In 1960 when measles was widespread, it killed one child out of 10,000 who contracted it. Today, although the incidence of measles is low, our bodies are less capable of dealing with it when it does arrive.

The death rate from measles cases is now estimated to be at least 10 times higher between one and two deaths in our first

Death and morbidity rates are also on the rise among many adult diseases, particularly among autoimmune diseases such as multiple sclerosis, whose incidence peaked by 20% in women between the 1960s and 1990s (the rate for men was unchanged). The National Institutes of Health has identified more than 80 clinically distinct autoimmune diseases, which collectively affect 8% of the population and represent a leading cause of death in young and middle-aged women. The diseases that thrive when the body's

immune system is weak, autoimmune diseases thrive when the body's immune system goes haywire, attacking the body's own organs and tissues.

What has caused our immune system to go haywire, and to make us vulnerable where once we weren't? The answer could be solely genetic — humans don't evolve in a single generation — making the complex environmental factors of some kind, likely to connect with an individual's genetic susceptibility. Although no one knows what these factors are, theories abound — everything from industrial processes which put chemicals in the air or water to power generation which releases

mercury and radium into the environment to medical products such as antibiotics and the pill to changes in our diet through genetically modified plants or food additives.

Reactions also abound. NGOs have organized around every theory, lobbying to ban this product or that chemical, herbicide, in attempts at self-defence, buy organic foods, avoid gluten or food up on vitamins and natural supplements. Government bureaucrats, in response to public pressure and also to augment their own importance, catch up regulations on consumer products and industrial processes alike.

In Europe, governments promote the precautionary principle, which judges all new chemicals as guilty and proven innocent. In a word, more extreme steps backed by UNESCO as well as the EU Parliament and over 1,000 scientists, the International Declaration on Chemical Pollution — better known as The Precautionary Principle — calls for a ban on all products that are either "certainly or probably carcinogenic, mutagenic, or reproductive." Where an immediate ban is impossible — say, gasoline — its use would be limited "to a minimum with particularly stringent measures of fuel quality."

The reaction to the mysterious flood of its are understandable but generally wrong-headed. Virtually all chemicals, all products, all medicines and other such scientific innovations have their place, and their value — for every and every back in our health, there have been too many steps forward. The trick is to understand when and for whom the scientific innovations are beneficial and when and for whom they're not.

This calls for a revolution in regulation, shifting away from our current broad-brush approach to a more targeted approach focused on the individual. And it especially calls for a revolution in health research that personalizes medicine, to recognize that each individual's body is so much a part of its environment. To end the flood of diseases that ignores our individual differences requires ending the government's near monopoly in the field of medical research.

First is a series. Next: Ending Big Government control.

Lawrence Solomon is executive director of Consumer Policy Institute. LawrenceSolomon@ncpi.ca

The oil divestment movement brings together strange bedfellows

growing front in the fight to take the fossil fuel industry's

seems peculiar therefore that Canadian banks that finance fossil fuel companies might be connected to it. Indeed, RBC's Mr. Van Dyck is not just involved, he's a leader.

Mr. Van Dyck, billed as a senior vice president of RBC, appeared on the cover of the Bill Moyers TV show in the U.S., along with Ms. Denore of Denore-Pittsburgh. Mr. Moyers introduced them as "leaders of this new development movement." In that performance Mr. Van Dyck claimed that, "fossil fuel companies receive \$1.9 trillion in subsidies globally on an annual basis. So here this very profitable industry being funded by governments around the world."

The problem with that \$1.9 trillion figure is that it is a pure fiction, generated from an IMF study which indicates that the total amounts of financial subsidies to oil companies in advanced economies are minuscule. The only real number is \$400 billion, which is subsidies that overwhelmingly go to people in poorly governed or producing countries. That number is quadrupled by not benefit from years about "renewables."

Mr. Van Dyck, an investment specialist with RBC, nevertheless suggested that governments might take the same route (\$1.9 trillion and transfer it to "green technology").

"There are very, very wealthy companies," he declared, "which are one of the reasons why we're trying to turn them into a moral picture." But there is no money there to transfer, unless he plans to go in and rip it from the pockets of subsoil-mining owners of the Middle East. Furthermore, these money people, we might recall, are among his bank's biggest clients. Along with apartheid, Mr. Van Dyck led the Civil Rights movement and Vietnam.

Both Mr. Denore and Mr. Van Dyck peddled the claim that the movement was being led by Muslims. But CYCC came to learn a lot of non-muslim organizations pulling the strings, including major anti-development groups such as U.S.-based Trócaire Canada. The CYCC's other "friends and supporters" include or have included the Canadian Auto Workers union, the Pembina Institute, the Sierra Club, the Council of Canadians, the United Church of Canada, the World Wildlife Fund, and — again strangely — TD Bank's Friends of the Environment programme.

I put in a call to RBC asking how one of their senior executives could so casually attack their clients. In no small, the bank responded that "they stated views as his own," which I guess is something of a relief, although Mr. Van Dyck's bank understands on public display and contribute to his credibility. The result was not so much that the bank's energy division was "working hard" to become more sustainable, but to supply the world with energy in an environmentally and socially responsible manner.

Such provoking before the vacuum gods of sustainability and social responsibility doesn't make it smart if Mr. Van Dyck had a point. I also called the TD, who said they couldn't get me a response by my deadline. But then what could they possibly say?

We need a Renminbi trading hub

C.J. GATWAY

Because of the size of our domestic market, Canadian businesses have long traded beyond our own borders. Our reliance on international trade continues to grow, and rightly so. Such increased trade creates jobs at home and strengthens Canada's economy.

Traditionally, we have concentrated this activity on our largest trading partner, the United States. But the prospect of economic slowdown experienced by our eastern neighbour — from which they are only now emerging — shows the importance of diversifying our trade to other markets across the world.

Strengthening the trade corridor between Canada and China is an obvious objective. But these Canadian companies that have tried to do business in China — whether selling their own goods or importing ones manufactured there — have been hindered by the lack of convertibility of the Canadian dollar with the Chinese currency, the Renminbi (RMB) or Yuan. The RMB does not trade freely on international currency markets, as a result, Canadian firms do business there with one hand tied behind their backs.

Consider a Canadian retailer that wants to sell goods produced in China. Right now, they have to use U.S. dollars to pay their Chinese suppliers — a currency many Chinese companies will accept. This adds foreign exchange transactions in the purchase process which forces the retailer to add a 5% to 10% buffer to all similar transactions. Taken together over the course of a year, this adds millions of dollars to the price of imported goods — a real and significant cost.

It is little wonder, then, that Canada's trade with China, while significant, still lags behind that of other major trading partners. Key to ensuring expanded trade

is the creation of a RMB trading hub in Canada.

This hub, simply put, would be a mechanism — located in Canada — that would allow for the RMB to be traded freely with the Canadian dollar.

Establishing a trading hub would allow Canadian financial institutions to purchase RMB on the open market, on behalf of their clients. In the case of a Canadian retailer, such a company would be able to acquire RMB at a market price, hold the currency in an account here in Canada, and then cut a cheque in RMB when they need to pay

their suppliers. Added costs from multiple foreign exchange transactions would disappear.

Several RMB hubs have already been established elsewhere in the world, such as the UK and Singapore. If parties even elsewhere are replicated here, trade between Canada and China could double — or even triple — in the 12 months following the establishment of a hub.

Right now, there is no such hub located anywhere in the Americas. Several financial centres are jockeying to be the first in the region. U.K. Chancellor of the Exchequer George Osborne in particular has asserted the strong position of London as an RMB hub. However, a

U.K.-based hub provides minimal benefit to companies doing business several time zones away. With the establishment of a hub in Canada, financial institutions located here would provide easy access to RMB for companies, large and small, operating in North American time zones — when they want it, where they need it.

Our banking system has been rated the second in the world for the past several years by the World Economic Forum, and Bloomberg has ranked Canada as second place in its list of the most attractive destinations for business. Becoming an RMB hub will increase the diversity of our financial sector, and make Canada an even more appealing place in which to invest and do business.

Cooperation between the public and private sectors to make an RMB hub a reality is already well underway. There have been discussions between Canada and China to establish a direct currency swap line, providing enough liquidity to drive trading between our two countries, Canada already has direct lines with other jurisdictions, including the U.S., U.K. and Europe.

While there has been some debate as to where the hub should be located, AdvantageBC and the Toronto Financial Services Alliance have been collaborating to promote a pan-Canadian settlement centre for RMB. This is something that many financial institutions, including BMO, HSBC and Bank of China, who are working together to bring a hub to fruition, support.

In short, Canada is well-positioned to benefit from becoming the first North American RMB trading hub. The pieces are in place to make this happen in the very near future.

C.J. Gatway is head of Foreign Exchange Products, BMO Capital Markets