Could a bulk water export industry ever get underway in Canada?

Not likely. The cost of moving water in bulk is prohibitive, and that’s not counting the political and legal hurdles

BY PETER O'NEIL, VANCOUVER SUN SEPTEMBER 12, 2015

Dried mud and the remnants of a marina are seen at the New Melones Lake reservoir which is now at less than 20 percent capacity as a severe drought continues to affect California on May 24, 2015.

Photograph by: MARK RALSTON, AFP/Getty Images

An Alaskan company boldly declared earlier this year that it was going to ship tens of millions of litres of pristine water to parched Southern California.

It would have represented the first solid evidence that a bulk water industry in North America is economically viable. And it would obviously have sent a message that B.C. entrepreneurs could make a go of it, if public opinion ever changed and provincial and federal governments removed their legal restrictions on bulk transfers.

“The shipment of bulk water from Sitka will become reality this summer,” Alaska Bulk Water Inc. chief executive Terry Trapp said in April.

Trapp’s exuberance wasn’t widely shared. “That’s their plan. We’ll see,” said Garry White, executive director of the Sitka Economic Development Association.

It’s now beyond Labour Day and the company has still not made a single shipment of water. The company is “optimistic they will ship water this calendar year,” spokesman Hamilton McCulloh told The Sun.

The problem — and it's a big one — is that there is rarely sufficient infrastructure at the receiving end to unload, store and transport water to communities, farms or commercial enterprises in need.

Alaska Bulk Water estimates that it would charge California municipalities between 17 and 19 US cents a gallon, though that calculation doesn't yet incorporate infrastructure costs at the receiving end.

So until the company proves it can make a go of it, skepticism is going to remain strong among those who have looked closely at whether there will be a North American bulk water industry and decided it's highly unlikely.

"The economics are absurd," said David Anderson, a former Canadian environment minister. "There are very few, if any, viable commercial schemes out there."

He said the only time shippers ever considered getting involved was in the 1990s, when there was a temporary glut of new ships on the market and not enough hydrocarbons being shipped around the world to put them to good use.

But discussion of the possibilities of moving huge quantities of water from places of abundance to places of need seems likely to escalate in coming years as the public contemplates periods like the summer of 2015, when drought and raging forest fires from B.C. to Southern California dominated the news.

The public is right to start thinking through the implications of continental and global water shortages, according to Jon O'Riordan, the B.C. government's former deputy minister of sustainable resource management.

"The summer drought we're experiencing this year is a pimple, it's not anything like what we'll witness in the next 20 to 30 years as the climate changes," said O'Riordan, a Victoria-based policy adviser at Simon Fraser University's Adaptation to Climate Change Team.

Anderson said commercial water shipping proposals in recent decades were likely motivated by smaller operators hoping not for export profits, but the potential of a legal settlement if governments ran afoul of international trade law by trying to stop them.

Memorial University economist James Feehan, commissioned in 2001 by a Newfoundland government considering a commercial scheme to bulk ship water, did an exhaustive study on the plan's viability.

He concluded that the proposal was uneconomic and that barely any jobs would be created.

"I don't think much has changed," Feehan told The Sun in a recent email.

One of the challenges, he said, is that water-starved communities can get better bang for their bucks through conservation and investment in steadily improving desalination technology.

While a selling price of 17 to 19 cents US a gallon is competitive if a company is bottling small amounts for the retail market, bulk sales for residential, commercial and agriculture use would be competing for customers who are paying a fraction of a cent for each gallon they buy, Feehan said.

One argument that has animated the debate is that Canada's fresh water supply is boundless. It's an argument many would like to debunk.

"We're often told that Canada has some 20 per cent of the world's total freshwater resources. However, less than half of this water — about seven per cent of the global supply — is renewable," according to Environment Canada.

While that's still a generous endowment, given that Canada has about 0.5 per cent of the global population, the government notes that more than half that supply drains into the Arctic Ocean and Hudson Bay.

"As a result, it is unavailable to the 85 per cent of the Canadian population who live along the country's southern border. That means the remaining supply, while still abundant, is heavily used and often overly stressed."

Canadian writer Chris Wood, author of Dry Spring: The Coming Water Crisis of North America, said the parts of Canada that have an over-abundance of fresh water — like northern B.C. — aren't logical locations from which to ship water.

"The places that need water and the places in Canada that have water are so far apart that it is unfeasible in any real world that we occupy in this century to get it from one place to the other at a price in money and politics that is payable."