

Canada's SNC-Lavalin Affair: The Site C Dam Project and Bulk Water Export

Posted by Joan Russow

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By Joyce Nelson

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In all the press coverage of the “the SNC-Lavalin affair,” not enough attention has been paid to the company’s involvement in Site C – the contentious \$11 billion dam being constructed in B.C.’s Peace River valley.

The Liberals say that any pressure they put on Jody Wilson-Raybould to rubber-stamp a “deferred prosecution agreement” for SNC-Lavalin was to protect jobs at the company. But the pressure may have been to protect something much bigger: the Liberals’ vision for Canada’s future. Site C epitomises that vision.

The “Many Lives” of Site C

Birthed in 1959 on the drawing boards of the U.S. Army Corps of Engineers and BC Electric (then owned by Montreal-based Power Corp), the Site C dam has been declared dead, then alive, then dead again several times over the next five decades until 2010, when BC Premier

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Gordon Campbell announced that Site C would proceed. [1]

Tracking SNC-Lavalin's involvement in Site C during recent years has been difficult, but Charlie Smith, editor of The Georgia Straight, has filled in some of the missing information.

Site C dam is located in British Columbia

Site C dam (Source: CC BY-SA 3.0)



Site C dam (Source: CC BY-SA 3.0)

Sometime in 2007, the Site C dam project was quietly moved to Stage 2 of a five-stage process. Smith wrote, "SNC-Lavalin and Klohn Crippen Berger were prime consultants for Stage 2 of the Site C project. This had to occur before the project could proceed to Stage 3 in the five-stage planning process. The decision to advance to Stage 3 was based on a prediction in the Stage 2 report that demand for B.C. electricity will increase 20 to 40 percent

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over the next 20 years. 'As extensive as BC Hydro's hydroelectric assets are, they will not be enough to provide future British Columbians with electricity self-sufficiency if demand continues to grow as projected,' the Stage 2 report [Fall, 2009] declared. Bingo. This gave the pro-Site C politicians in the B.C. Liberal party ... all the justification they needed." [2]

On April 19, 2010 Premier Campbell announced that Site C would proceed. At the time, Chief Roland Willson of the West Moberly First Nation called the entire five-stage process a "farce," and said the government hadn't finished the second stage of the development process, so he doesn't know how it can go ahead to the third. Willson said First Nations in the area haven't seen studies on land use, wildlife, the fishery or the cultural significance of the region, and the process can't move on to environmental assessments [Stage 3] without that work." [3]

Nevertheless, the process did move on, and SNC-Lavalin may have been involved in the next stage of the planning process, as well. The Dogwood Institute recently reported that SNC Lavalin was "an environmental consultant for Site C." [4]

Image result for Gwyn Morgan SNC

In 2011, SNC-Lavalin Chair Gwyn Morgan (image on the right) became an advisor to BC Liberal leadership winner Christy Clark during her transition to the premiership. Morgan had joined the SNC-Lavalin board in 2005 and was chair of the company from 2007 until 2013. As The Tyee reported in 2014,

"Morgan retired in May 2013, the month after SNC-Lavalin agreed to a 10-year corruption-related ban from the World Bank related to a power project in Cambodia and a bridge in Bangladesh. Among the SNC-Lavalin companies on the World Bank [corruption] blacklist are divisions involved in publicly funded B.C. projects like the Bill Bennett Bridge, Canada Line and Evergreen Line." [5]

Going Forward

At the time of Gwyn Morgan's 2013 retirement from the SNC-Lavalin Chairmanship, the

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company was being investigated in at least ten countries, including: Bangladesh, Cambodia, Ghana, India, Kazakhstan, Malawi, Mozambique, Nigeria, Uganda and Zambia. [6]

While we have no way of knowing whether Gwyn Morgan, as an advisor to Christy Clark as of 2011, in any way lobbied on behalf of SNC-Lavalin, we do know that “Morgan’s personal, family and corporate donations to the BC Liberals totalled more than \$1.5 million.” [7]

At the same time, in 2011 SNC-Lavalin had won the engineering, procurement and construction management (EPCM) contract for the Muskrat Falls hydro project in Newfoundland. But the company was apparently so “distracted” by corruption charges internationally that eventually crown utility Nalcor had to take over the project, which went way over budget and is now the subject of an inquiry. [8]

That didn’t dissuade the B.C. Premier from going forward. On December 16, 2014, the Christy Clark provincial government gave approval for Site C, despite recommendations by the Joint Review Panel (JRP), which had concluded two months previous that Site C’s hydropower was not needed in the time-frame that BC Hydro was arguing. (Recall that the Stage 2 report had claimed a 20-40% increase in demand over the next 20 years.) JRP member Harry Swain had concluded that demand for electricity in B.C. has been flat dating back to 2005.

While the newly elected B.C. NDP government in 2017 debated the cancellation or suspension of Site C, the Financial Post reported that Montreal’s SNC-Lavalin is “part of the lead design team for the [Site C] project.” [9] That little-known contract may have been signed much earlier.

On February 21, 2018 the Journal of Commerce reported on the progress being made by Site C’s lead design team, comprised of SNC-Lavalin and Klohn Crippen Berger and involving “approximately 40-plus engineers, nine modellers and 15 drafters”. [10] SNC-Lavalin Building Information Modeling (BIM) Manager Rodrigo Freig told the Journal that,

“In three years and 43 models later, we only had two model crashes, related to slow server speeds.” [11]

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That comment would suggest that the lead design contract had quietly been issued to SNC-Lavalin and Klohn Crippen Berger sometime in 2015.

Turning off the Tap: Site C and Water Privatization in Canada

A few days ago (March 7), the Canadian Press reported:

“SNC-Lavalin is working on the five biggest infrastructure projects in Canada, according to trade magazine ReNew Canada. Those contracts alone amount of \$52.8 billion, and include projects for Bruce Power and the Darlington nuclear plant in Ontario as well as the Site C dam in B.C.” [12]

While the exact amount of the Site C lead design contract is not known, it is likely at least \$1 billion in B.C. taxpayer dollars. If the lead design contract was indeed issued in 2015, this would fit with Christy Clark's effort to push the project past “the point of no return.”

Help From Trudeau

In February 2015, under the Harper government, federal fraud and corruption charges were filed against three of SNC-Lavalin's legal entities over its dealings in Libya. But after the Trudeau Liberals were elected in Fall 2015, the company “signed a deal with Ottawa that will allow the engineering and construction company to continue bidding on federal contracts until criminal charges it faces are resolved.” [13]

As we know now, SNC-Lavalin also began lobbying extensively for a Deferred Prosecution Agreement (DPA) that would effectively free the company of charges without forcing it to admit wrongdoing. In exchange, the company would pay a fine and prove that it has changed its practices to prevent a repeat of any wrongdoing. The Trudeau government quietly inserted changes to the criminal code allowing for DPAs in its 2018 Budget. According to recent report by the Buffalo Chronicle (March 11), SNC-Lavalin's in-house attorney Frank Iacobucci “was instrumental in persuading” Trudeau to insert that new legal provision into the budget bill. [14]

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The Buffalo Chronicle also notes that in October 2018, Trudeau asked Iacobucci to lead the government's negotiations with indigenous communities in B.C. regarding the TransMountain Pipeline expansion project – a project that SNC-Lavalin hopes to construct. Quoting an unnamed source, the Chronicle states:

“Iacobucci, who was already angry that [Jody] Wilson-Raybould was refusing to allow his client [SNC-Lavalin] to negotiate a deferred prosecution agreement, feared that his consultations in British Columbia could be construed as improper. He would only agree to take the role on the condition that Trudeau replaced her with a ‘more dotting’ Member of Parliament.” [15]

The full story of Iacobucci's role in the SNC-Lavalin scandal has yet to emerge, but it's clear that the Trudeau government has been exceedingly accommodating to the company's wishes.

The Georgia Straight's Charlie Smith has further spelled out the Trudeau government's help:

“Keep in mind that Trudeau helped SNC-Lavalin with its World Bank problem by endorsing the Asian Infrastructure Investment Bank. This entity was created by China as a rival to the U.S.-led World Bank on infrastructure financing. SNC-Lavalin might be debarred from World Bank financings, but it can bid on AIIB-backed projects. Trudeau also helped SNC-Lavalin and other companies involved in huge public projects by creating the Canada Infrastructure Bank. And the Trudeau government accelerated construction of the Site C dam by awarding federal permits over the opposition of First Nations in the area.” [16]

Bulk Water Export

In two slightly different chapters within two recent books, I have argued that the Site C dam on the Peace River is perfectly placed to facilitate bulk water export east of the Rockies and into the American Southwest. Readers can consult my Chapter 10, “Water Export: The Site C End-Game” in editor Wendy Holm's *Damming the Peace: The Hidden Costs of the Site C Dam* (Lorimer 2018), and the chapter entitled “Site C and NAWAPA: Continental Water Sharing” in my latest book *Bypassing Dystopia: Hope-filled Challenges to Corporate Rule* (Watershed Sentinel Books 2018).

SNC-Lavalin's involvement in Site C has been so well-hidden that the company name does not appear anywhere in Damming the Peace. But by the time I was writing the water-chapter for my own book, SNC-Lavalin's connections to Site C were becoming clear enough for me to state that the company "is intricately involved in Site C". Only now are we learning just how involved they are.

SNC-Lavalin has had its eye on continental water-sharing for at least three decades. Back in the 1980s the SNC Group (as it was called at the time) was part of a consortium called Grandco, which was promoting a continental water-sharing plan entitled the Grand Canal Project. Grandco's other consortium members included the UMA Group of Calgary, Underwood McLellan Ltd. of Saskatoon, Rousseau, Sauve & Warren Inc. of Montreal, and Bechtel Canada Ltd. (son of U.S. Bechtel, the world's largest engineering firm).

Grandco's head lobbyist was Canadian financier Simon Reisman (uncle of current Bilderberg member Heather Reisman). After Simon Reisman publicly advocated for Canadian water export, Prime Minister Brian Mulroney (himself an advocate for large-scale water exports) appointed him as Chief Negotiator for the 1988 Canada-U.S. Free Trade Agreement (FTA), the predecessor to NAFTA, signed by Jean Chretien in 1994. Both the FTA and NAFTA essentially strip Canada's sovereign right to protect our water resources and make Canada vulnerable to massive water export.

While Site C may provide energy and water for fracking in B.C. and potentially for tar sands mining in Alberta, in the long term the "end-game" of Site C, according to Wendy Holm, is water export because that freshwater water "will have a far higher value" than oil and gas. The vast 83-kilometres-long reservoir needed for the Site C dam will submerge 78 First Nations heritage sites (including burial grounds) and flood about 3,816 hectares (9,430 acres) of prime agricultural land in the Peace River Valley

A similar scenario is being played out in Quebec with Hydro-Quebec's massive \$5 billion Romaine Complex, which is damming the River Romaine and flooding 100 square miles of land; in Newfoundland where the Muskrat Falls mega-dam project "boondoggle" is now the subject of a public inquiry; in Manitoba where several mega-dam projects are poised to flood First Nations land.

Now, thanks to the Trudeau government's Mid-Century Long-term Strategy, that same

scenario is poised to repeat itself many times in the coming years.

Long-Term Strategy

In 2017, the Trudeau government released its Mid-Century Long-Term Strategy (MCS) intended to reduce emissions of greenhouse gas (GHG) at rates to comply with its Paris Climate commitments.

Scientist David Schindler has summarized the MCS:

“In brief, Canada has agreed to reduce its GHG emissions by 80 per cent by 2050, using 2005 emissions as a baseline. This sounds wonderful, until one reads how this is to be done, as described in the report. All the scenarios used to achieve the miraculous carbon reduction goals rely on replacing fossil fuels by generating massive amounts of hydroelectric power, which is assumed to emit no GHG. ... The required hydro development would require the equivalent of building over one hundred Site C dams in the next thirty-two years, an extraordinary plan...” [17]

Once all that water has been impounded behind the dams, it is subject to NAFTA treatment (including in the rewritten USMCA agreement) as a tradable “good” or commodity. Chrystia Freeland and the negotiators for the USMCA did not secure an explicit exemption for water under the goods, services, and investment provisions of the deal. According to Bill C-6 (which became law in 2001), as Minister of Foreign Affairs, Freeland has water-export licensing authority and can issue permits for water export.

As I explain in some detail in *Damming the Peace and Bypassing Dystopia*, massive drought and over-use of freshwater in the Colorado River region and in the U.S. Southwest have prompted big investors like the Blackstone Group (with Brian Mulroney on its board) to look north for water-investment opportunities. The Blackstone Group has been involved in water issues for years, and in 2014 it announced a new portfolio company called Global Water Development Partners to “identify, develop, finance, construct, and operate large-scale independent water development projects.”

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The Blackstone Group is just one of many investment firms eyeing Canada's freshwater resources. The Bank of America Merrill Lynch – which designed the Canada Infrastructure Bank – has predicted a global water market worth \$1 trillion by 2020.

Obviously, SNC-Lavalin wants to be in on all that MCS hydroelectric development and other projects to be financed by Trudeau's Canada Infrastructure Bank in the coming years. But if they have to face prosecution, the company risks being barred from federal contracts for ten years.

The Trudeau government says it is attempting to protect SNC-Lavalin jobs. That may be true, but it is also likely that the Trudeau government is attempting to protect its long-term vision for Canada: a vision that jettisons "reconciliation" and the environment in favour of damming the country and then draining it.

Freshwater has been turned into a commodity and it will be worth far more than oil or gold in the near future. Follow the money. That's what SNC-Lavalin is doing.

*

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Notes

[1] "The Site C Dam: a Timeline," *The Narwhal*, December 12, 2017.

[2] Charlie Smith, "Does Andrew Weaver's response to Site C justify his removal as head of the B.C. Greens?" The Georgia Straight, December 15, 2017.

[3] Quoted in "Site C dam project moving forward on Peace River," The Canadian Press, April 19, 2010.

[4] Lisa Sammartino, "SNC-Lavalin tentacles reach deep into B.C.," dogwoodbc.ca, February 25, 2019.

[5] Bob Mackin, "Ex-Head of Troubled SNC-Lavalin Named Chair of BC Crown Corp," The Tyee, May 5, 2014.

[6] "Public Risks, Private Profits: Profiles of Canada's Public-Private Partnership Industry," Polaris Institute & CUPE, June 2013.

[7] Sammartino, *op. cit.*

[8] Andrew Nikiforuk, "Redeemable? SNC-Lavalin's Criminal Record," The Tyee, February 22, 2019.

[9] Jesse Snyder, "It's going to cost a fortune': Cancellation of \$8.8B Site C dam would scrap billions of dollars in contract work," The Financial Post, June 2, 2017.

[10] Warren Frey, "UPDATED: Site C's virtual construction a complicated endeavour," Journal of Commerce, February 21, 2018.

[11] Quoted in *ibid.*

[12] Christopher Reynolds, The Canadian Press, "Here's what a 10-year ban on federal contract bids would mean for SNC-Lavalin," Toronto Star, March 7, 2019.

[13] Ross Marowits, "SNC-Lavalin Gets OK From Ottawa To Bid on Contracts, Despite Criminal Charges," The Canadian Press, December 10, 2015.

[14] "Political grandmaster' Frank Iacobucci is at the center of SNC Lavalin, Kinder Morgan scandals," The Buffalo Chronicle, March 11, 2019.

[15] Ibid.

[16] Smith, op. cit.

[17] David Schindler, "Will Canada's Future Be Dammed? Site C Could Be the Tip of the Iceberg," chapter in Wendy Holm, editor, Damming the Peace: The Hidden Costs of the Site C Dam, Toronto: James Lorimer & Co., 2018.

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