



Powering Up Canadian Prosperity

Speaking Notes for the Hon. Perrin Beatty

Calgary Petroleum Club
Lunch with the Hon. Perrin Beatty
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Introduction

Hello and thank you for the warm welcome.

I'd like to thank **Roger Thomas** for the kind invitation to speak to you today and **Michael Shaw** for the kind introduction. It is a pleasure to see so many familiar faces here. I say familiar faces because I have been spending a lot of time in Calgary this year and, as the President and CEO of the Canadian Chamber of Commerce, this means that important things are being discussed and decided in this city. As a matter of fact, I speak about the importance of Calgary, Alberta and the West in most of the speeches I give across Canada.

As the voice of Canadian business, representing 192,000 businesses of all sizes, sectors and regions, the Canadian Chamber's mission is to ensure Canada's businesses have the tools to succeed at home and in an intensely competitive global economy.

We all know that energy security is directly linked to economic competitiveness and job growth. The energy sector is a cornerstone of

our prosperity. It plays a critical role for Canada in serving the energy needs of all Canadians and in creating jobs and improved standards of living. There is virtually no country in the world that does not look at our energy inheritance with envy.

U.S. trips

And perhaps front and center in this long line of admirers are the Americans. They are the largest foreign customer of our energy and our closest ally. We cannot talk about the future of Canadian energy without looking south.

Canadians and Americans share a strong partnership in security, trade and environmental management. The sheer size of the American economy and our heavy reliance on the U.S. market means that we will always be affected by the decisions made in Washington. That's why it's so important that American legislators view Canada in a positive light.

Americans understand the need for a reliable and secure energy source but often underestimate the importance of Canadian energy. The U.S. imports twice as much oil from Canada than from any other country. We are also the States' primary source of foreign electricity. And in 2009, Canada exported 5.8 billion litres of propane to the US, about half of our total production. It is vital that Americans – both inside Washington and outside – be well-informed about the importance of our energy partnership.

Since the beginning of the year I have been meeting with key businesses leaders and senior politicians across the U.S. Not only is it refreshing to get a perspective from outside of Washington, but it's also a great opportunity to speak to different audiences about what Canada has to offer. I find that going to talk to US legislators and Governors in their own states, rather than Washington, allows a better conversation that can help us enlist strong allies in promoting our common interests.

When I met with the Governors of Michigan and Georgia this spring I told them that Canada is a vibrant source of stable, secure and reliable energy. Senior politicians in the States don't always have all the information and we need to continue educating them on what we have to offer. When I hear them express concerns about our environmental stewardship I tell them the truth – that, yes, we have challenges, but these challenges are manageable. That we have made significant progress reducing our environmental footprint and continue to invest billions of dollars in protecting our environment. I invite them to come and see firsthand the progress that has been made and to enjoy the famous Albertan hospitality.

America's energy security is a matter of U.S. national security, but it is also of critical importance to the rest of the world, as well. As long as America remains hostage to supply lines running halfway around the world that are vulnerable to revolution, war, piracy or political blackmail, global security is at risk. It is in all of our interests to find a way to reduce that risk, and Canada can provide an important part of the solution.

Our job is to help America understand the value of Canadian energy and the benefits to be gained for a closer energy partnership. The United States has choices. They are in a unique position to reduce their reliance on unstable sources of energy by choosing to use Canadian energy. But we, here in Canada, also have choices. America may be our largest client, but they are not our only one. Americans must comprehend this reality, and understand that Canadian oil will not stay in the ground indefinitely.

But if we wish to supply an even larger proportion of the U.S. demand – which is certainly in our own interest – we have to work together to develop the infrastructure needed to get this energy from its source to the consumer. Doing so requires us to have the policies and resources in place to ensure that we can continue to responsibly supply both our own energy needs and those of our friends. And we have to tell our story persuasively and effectively, instead of allowing people who don't want to see a single drop of Canadian oil sold in the US to do it for us.

Making sure that Americans have the facts about our energy sector needs to be a priority for both governments and the private sector. It won't be easy or cheap. The opponents of Canadian oil are articulate, motivated and very well-funded, and we need to decide as a business community and as a nation whether we are prepared to commit the resources and the effort to tell our side of the story. Our best weapon in this struggle is the truth, and it is our job to make sure that it gets out.

The need for a national energy strategy

There's a great deal of work remaining to be done here at home as well. In 2009, the Canadian Chamber of Commerce released a report, *Powering Up Canadian Prosperity*, that called for all levels of government to come together with stakeholders, including the business community, to develop a Canadian Sustainable Energy Strategy – a strategy that would ensure that Canada continues to have a strong and vibrant energy industry that can help grow our economy and meet our future energy needs in an environmentally-

responsible fashion. We are still waiting, but see signs of progress! More recently, a number of leaders in your industry, and in other sectors, have become more vocal about the need for an overall energy strategy. People like **Lorraine Mitchelmore** of Shell Canada and **Jim Prentice**, now of CIBC, are articulate advocates, and there are many others as well.

What we have in mind is not simply a federal government policy to be imposed on the regions, but a truly national strategy in which all regions are full partners. Nor must its purpose be to simply transfer the resource wealth from one region to another, but, instead, to respect our constitution and to recognize that rising prosperity in one region will also lead to opportunities in the rest.

As you all know, energy ministers from across the country will be meeting in Kananaskis in July to discuss the development of a Canadian Energy Strategy. Leading up to that meeting, we will continue to send our message to governments on the business community's position on what must be included in any strategy at

the national level. It is vital that they understand how fundamental energy is to the competitiveness of every Canadian business and to the success of our entire economy.

But beyond the strategy, the question we have to ask ourselves is: does the federal government have a role to play in promoting and assisting the energy sector? And also, how can the Canadian Chamber of Commerce continue to play a role in all of this?

Election 2011

Let's talk a bit about the new government and what this means for your sector. The Conservatives said that giving them a majority would allow them to complete our economic recovery, create jobs, and provide stability to Canada's business and families. With that majority, Prime Minister Harper and his government now have the opportunity and the obligation to deliver on the commitments they made to Canadians. The Canadian Chamber is calling on the government to move forward with a strong pro-growth strategy that

will focus on jobs, productivity, strengthening the recovery and increasing and diversifying our international trade.

It is now time for politicians to put political squabbling aside and get down to work on behalf of businesses and families all across the country. We have come far from the depths of the recession, but a great deal still has to be done to ensure Canada remains competitive. I, for one, am pleased that with a majority government, our elected representatives can spend less time worrying about where they will be if there's an election four weeks from now, and more time focusing on where Canada will be four years from now.

The Canadian Chamber of Commerce calls on the new government to keep their promise to return to a balanced budget within three years and to secure the fiscal flexibility that is crucial to our long-term competitiveness.

The Canadian Chamber will continue to press for sound economic management. We'll also continue to work on important issues like

fixing the Canada-U.S. border, increasing our international trade and ensuring Canada has secure and dependable sources to meet its energy needs.

Whether our children will have jobs and enjoy a high standard of living depends on our ability to make the right choices. If our governments and businesses demonstrate the vision to capitalize on our strengths, we can succeed in these uncertain times.

I look forward to hearing the upcoming speech from the Throne at the end of the week. At the Chamber we are looking for more stability on the part of the government and that means more long term initiatives such as a real plan for the energy sector. But there are challenges associated with becoming an energy superpower.

But what does this all mean for your sector? A few days ago, the government said it will soon roll out oil sands environmental regulations. I know your province and industry have been worried about what that means for some time. We will see what is presented

by the government but I can assure you that the Chamber will be taking part in the debate. My job is to ensure Canadian businesses have the best conditions to prosper and that is why we need to keep a strong dialogue. I see many of our members in the room: Imperial Oil, Nexen Inc., CAPP, TransCanada, and others. We have increased our cooperation over the last few months and we need to continue to work in partnership to advance your issues and also contribute to Canada's economic recovery. I repeat the same message everywhere I go: Canada's economic recovery cannot happen without the energy sector!

That is why the Chamber has been directly involved in some of the key projects that are being developed by your industry.

Keystone XL and the Northern Pipeline project

The Canadian Chamber of Commerce will continue to be a strong advocate of the development of the Keystone XL pipeline and continue to speak against any legislation that suggests banning tanker traffic off of the North Coast of BC.

Let me be clear: we are supporters of the Northern Gateway Pipelines initiative and Keystone, but we know there are also many other interesting and dynamic projects underway. Those two are illustrative; we need to succeed, we need to win on these two as a group. At the same time, we at the Chamber understand the concerns expressed by various groups. Your industry understands these concerns as well and recognizes your responsibility to ensure that these projects meet the highest standards in environmental protection, public safety, and respect for local communities.

The construction of Keystone is truly a win-win opportunity that is waiting for President Obama's approval before it can proceed. The Canadian Chamber is working closely with our partners on the American side of the border to urge the President to make a positive decision without further delay. Some of you might have the editorial that I co-wrote with Tom Donohue, the President of the US Chamber of Commerce in the Wall Street Journal in April.

The issue is not whether Canadians will continue to invest billions of dollars in improving our environmental performance – we will – or whether the resource will eventually be brought to market – it will – but whether the United States will seize the opportunity that is presented to it to substantially reduce its dependence on unstable and often hostile suppliers to keep its economy moving.

The challenges associated with the Northern Gateway Pipelines project are also very important, but we can't let these challenges stop us. It is, without a doubt, a complex and ambitious project. It represents a game changer for Canada's energy industry and, as a result, for the nation as a whole. By opening the world's energy market to Canada, Northern Gateway will help enable the nation to achieve its true potential as a global energy superpower and to enjoy the benefits of its resource wealth for generations.

We see that many challenges still remain in order for your industry to help Canada become an energy superpower.

The challenges to become an energy superpower

The first is that we face a growing labour and skills shortage. We need to have the workforce in place to become an energy superpower. The industry has a skills shortage problem well on its way to becoming a crisis. We don't want to face a future where employers can't fill positions because there aren't enough qualified workers. This era of scarcer skilled workers will require ingenuity on the part of companies in your sector in managing their human resources and in recruiting, training and retaining talented people. Businesses can partner with government and educational institutions to expand training opportunities to address tomorrow's labour market's needs. Apprenticeship training programs are an effective path to a career in the skilled trades, while internship programs can provide extensive workplace experience and co-op programs can offer relevant work experience as well as focus on education. All three work-based models are an essential component to building a highly skilled and productive labour force for an innovative, strong and growing economy.

Another challenge is the rising consumer demand for energy efficiency, coupled with the need to respond to climate change and to follow environmentally sound practices. People want better and more sustainable choices. Canada's energy-rich economy must be able to develop and implement new technologies and strategies to respond to the challenges of protecting our environment. It is possible!

It's often said that we should set our sights on developing low-carbon alternatives to fuel our society, and I agree. Indeed, many of the companies in this room are already investing heavily in ways to improve fuel efficiency and in the development of renewable. But, while we need to have a clear view of the future we want to develop, we must also have a clear-eyed view of the world we live in today.

Our dependence on fossil fuels will not disappear overnight. We need to have adult discussions about the challenges we face and come up with innovative solutions to reduce our impact on the environment.

Technology is another challenge for Canada. We need to do a better job of leveraging the advantages that our tremendous natural wealth provides. That includes developing and implementing new technologies that both benefit and flow from the energy sector. It is an area where we are seen as a leader today, but maintaining that leadership won't be easy.

As things stand right now, our efforts in this area are lagging. One study published by the University of British Columbia found that Canada's public funding of energy research was at a 30-year low.

As you can see, each of these challenges is daunting. And it's incomprehensible that, in spite of these challenges, Canada still lacks a coherent strategy, leaving the various provinces and territories to go in their own directions.

I agree with Prime Minister Harper when he refers to Canada's potential to be an "energy superpower," but our research suggests

this is still more of an aspiration than a reality. What is Canada's plan? What are its goals for energy? The challenges and opportunities we face today are too great for us to not have a clear answer to those questions.

Oil sands

Let me touch briefly on one other issue that I believe needs to be understood by all Canadians, and that is the continued development of Canada's oil sands. The scale of the resource in Western Canada is still not fully appreciated in the rest of the country, but, as you know, we are looking at reserves in the order of magnitude of what is available in Saudi Arabia. This is an enormous supply of a resource for which the demand continues to grow daily.

According to a recent report by the Canadian Energy Research Institute, the \$2 trillion in investments expected between now and 2035 will grow oil sands employment from 75,000 jobs in 2010 to 905,000 in 2035. The Canadian government's share of the taxes generated will be over \$300 billion. While most of the new jobs will

be in Alberta, four per cent of them will be in other provinces and 20 per cent of them in the U.S.

Those of us from other parts of the country tend to look at the oil sands as Alberta's project – something that is of great benefit to people living in this province, but not of particular relevance to our regions. We need, instead, to understand that the development of these reserves creates enormous opportunities for every region of Canada. While the reserves are located in Western Canada, the benefits are truly pan-Canadian.

As they are developed and brought to market, industry will invest well over \$100 billion in the next decade, providing opportunities for companies across Canada that are looking for new product lines and customers. We talk a great deal about the need to expand our sales to countries like India and China – regions that hold great potential for us – but for many Canadian companies, the greatest opportunities are right under our noses, here at home. I saw that benefit three weeks ago when I visited Babcock and Wilcox in Cambridge, Ontario,

where they are building boilers for the Kearl Oil Sands Project. Those are solid, well-paying jobs in Ontario's manufacturing heartland, and there are dozens of similar examples in other regions.

That is why the Canadian Chamber will continue to educate Canadians and to press for the development of the oil sands on an environmentally responsible basis. Industry and the residents of Alberta will continue to invest billions of dollars in improving our environmental performance, and they deserve the full support of every Canadian in bringing the resource to market.

Conclusion

The Canadian Chamber is well positioned to play a key role in developing a national energy strategy and in ensuring key projects get the necessary approvals.

With the stability of new majority government in Ottawa, Prime Minister Harper and his team must now move ahead to deliver on

their commitment to create jobs and foster prosperity. And energy is a vital part of the equation.

The Canadian Chamber will continue to stress to the government how important this issue is to business. But to be successful, a comprehensive energy policy also needs to take root in conversations in the boardrooms and on the shop floors of businesses across Canada, as well as in our country's kitchens, schools and stores. Local chambers of commerce and the business community as a whole can play a key role in ensuring that those conversations take place.

We have been encouraging all businesses to look at their own energy needs and ask themselves how they can contribute to the strategy, including by working together on innovations that benefit both Canada's energy producers and its users.

Canada's energy future is in our hands and the time for action is now.