



Canadian Energy's Place in Canada and the World

Opening Keynote
Canadian Energy Executive Association Business Forum

Speaking Notes for Hon. Perrin Beatty

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Canadians have always moved our country forward through infrastructure projects of almost impossible ambition, driven as much by vision as by economics.

You need only step outside this room and look at the statue of Cornelius Van Horne to understand what I mean. The Canadian Pacific Railway brought the West into Canada one railroad spike at a time. It was an audacity bordering on arrogance for our early leaders to think they could trace a thin line of iron over a continent's worth of rock, mountain and muskeg, but they got it done.

The almost 4,000-kilometer water highway known as the Saint Lawrence Seaway linked the heart of North America to the possibilities of the Atlantic. Today we take that access for granted, forgetting that it took an effort that was one of the global engineering marvels of the last century.

Canada led the way in harnessing the power of water to generate clean power. The mega-hydroprojects of the 60s and 70s contribute to the prosperity of Canadians to this day. The foresight and innovation of our predecessors are the reason Canada has one of the greenest electricity systems in the G7.

When Canadians talk about having built this nation, we mean it quite literally.

But today, we are a nation of builders that can't get anything built.

I don't need to lecture *this* crowd about the examples. The energy sector suffers through them every day.

We have the world's third largest oil reserves, but can't build a pipeline to get that resource to tidewater.

We have natural gas to spare, but can't build a facility to get our product to markets in Asia that want to move away from smog-creating coal. Our allies in Europe are looking for a partner that won't play geopolitics with their energy supply, and we can't step up to take that role.

You are at the forefront of this issue, but anyone who believes this is just about oil and gas isn't paying attention.

Every single wind energy project approved under the streamlined clean energy regime implemented in Ontario has faced an appeal. The Bipole III electricity

transmission line in Manitoba has stirred up the kinds of passions commonly associated with pipelines.

It's a bad time not to be building. There's an urgent need to get Canadians to pick up their shovels.

Canada, along with the rest of the global economy, is stuck in a low growth trap. The Bank of Canada expects Canadian GDP to grow a paltry 1.3% this year.

This is simply not enough to achieve the job growth, the pension returns, and the tax revenues Canadians depend on to sustain our prosperity.

Getting out of this low-growth trap will be a challenge. Its teeth are tightly set.

Our population is aging. 2017 will be the year our labour force will start to shrink.

We're a country that depends on trade, but that's facing a worldwide backlash against globalization. We're confronted by the rise of The Donald, the fallout from the Brexit vote, the growing success of extreme-right parties in continental Europe. All are in part driven by a sense that open borders are bad for their people. One thing is sure: closed borders are always bad for Canadians.

Most insidious of all is our lagging productivity. Labour productivity improvements driven by innovation are the best way to grow an economy because it's the only way to increase wages sustainably. Last year, instead of growing, Canada's productivity fell by 0.2%.

Faced with these problems, Ottawa's most important policy response to lagging growth is a return to that great theme of Canadian history: building. Between the commitments of the last government and the promises of the new one, \$120 billion dollars will be invested in infrastructure over the next ten years.

This infrastructure spending is meant not only as a short-term stimulus to ease the effects of low growth today, but also as an antidote to our longer-term competitiveness anxieties.

Once again, Canadians from across the country are preparing to roll up their sleeves to build our future. Our success will depend on what we choose to create.

But as we've seen before, many of the projects we need to get built are getting mired in red tape or shut down by a few loud voices.

That's why the Canadian Chamber network, which includes 450 local chambers of commerce representing 200,000 businesses of every size and in every economic sector, is worried.

The last budget included \$60 million in new government spending focused on social, transit and green infrastructure. There are many worthwhile projects in these categories, but investing in these areas alone will not be enough.

The OECD's research points to investment in infrastructure with high multipliers as the only way for rich countries to avoid the low growth trap we're setting for ourselves. This is the kind of spending that will unlock business investment and safeguard Canada's standard of living.

And we agree. This June we released *The Infrastructure that Matters Most*, a report that outlines our case for why the government needs to put more emphasis on trade-enabling infrastructure.

Sixty percent of Canada's GDP depends on trade. The tax revenues governments will require to reach social and environmental goals will be created by the ability of Canadian businesses to move their goods, people and ideas.

We need to build now to get our goods and services to the growing global middle class, projected to grow from 1.8 billion today to five billion by 2030.

We need to build now to be ready for the next upswing in commodity prices. The very nature of the commodity cycle means that today's low prices will be replaced by higher ones in the future.

We need to build now to protect our economy from low global growth. Our ability to compete will depend directly on getting our goods to market as cheaply and as quickly as possible.

We need to build now to be able to compete on the global stage and win.

Canada's trade infrastructure is falling behind at precisely the wrong time. In 2008-2009, the World Economic Forum's Competitiveness Index ranked Canada's infrastructure as the tenth best in the world. Today we're number twenty-three.

In that same index, the quality of our roads slipped from fourteenth to twenty-sixth place over the past five years, a scary thought when you consider that half of Canada's exports travel by truck. We're losing ground on ports and rail as well.

We just cannot afford to fritter money away on nice-to-haves when our list of must-haves is so long.

Our economy is suffering today, yet building infrastructure takes time. The greater part of the government's spending won't make its way to the pockets of construction workers and engineers for at least three years.

This is not a criticism; it's a statement of fact. Planning infrastructure projects, making sure that the money is well spent, should take time. But, as a result, we cannot expect a thoroughly thought-out infrastructure plan to provide immediate stimulus.

While we wait, Canadians are struggling. The country lost a staggering 31,000 jobs last month, mostly good-paying full-time positions. Of course, you were hard-hit here in Alberta, as were Saskatchewan and Newfoundland, but the losses didn't limit themselves to just the oil-producing provinces. They also reached the manufacturing heartland of Ontario and Quebec. Young people were disproportionately affected.

The government is heading in the right direction. But as it stands, their infrastructure plan is not enough to boost growth today or set us up for prosperity tomorrow. We need to make some additions.

First, take a lesson from the grand projects of Canada's past, the visionary initiatives that have had a permanent impact on our country. Make nation-building investments in trade infrastructure an equal priority with social, environmental and transit infrastructure in phase two of the Federal Infrastructure Plan.

This doesn't require a return to the drawing board.

It can be done by adding trade-specific criteria to some of the existing infrastructure funds, or by reallocating funding within the \$120-billion the government has already set aside. Choose the trade infrastructure projects on the basis of national objectives and according to their merit. At all costs, we need to

avoid squandering these limited funds by spreading them like peanut butter across the country.

Renew the federal commitment to trade corridors through initiatives like the Asia-Pacific Gateway and Corridor Initiative, an approach that worked in coordinating investment from both the private and public sectors to connect Canadian business to the world.

Second, recognize that government cannot do this alone. Every dollar Ottawa spends on infrastructure is borrowed, and our line of credit isn't large enough to close the gap.

Fortunately, there is a queue of shovel-ready, private sector investment that can get Canadians building again quickly and which doesn't require a single dime of taxpayer funding.

These are your projects.

Government needs to free them from red tape and undue delay and work with the private sector to get them done.

Stimulate the economy by putting thousands of people to work and millions of dollars in the pockets of local governments.

Pipeline projects like Energy East and Trans Mountain are a good place to start.

Of course, there's another lesson to be learned from the great nation-building infrastructure projects of our past. They came with significant social and environmental costs that would simply be unacceptable today. Canadian government and businesses have learned that how we build is as important as what we build.

Calling on the government to spend some of its political capital on getting these projects built is not a call to ignore communities concerns about safety and environmental impacts, or the duty to properly consult and accommodate our indigenous peoples.

It is not an argument against addressing climate change. My membership recognizes the need to transition to a low carbon economy. The Canadian Chamber has supported national carbon pricing since 2011.

Instead, it is a call for the government to work with the economic and energy reality we have now, even as we plan for a future that will look quite different..

Electric cars and other alternatives are set to make important inroads into the market for passenger vehicles, a major force driving oil demand.

But Canadians and the rapidly growing middle class across the world will still need oil for many decades to come to power truck, rail, train and air transport as well as a feedstock for essential petrochemicals and other products.

I see no reason why Canada, a democracy with strong environmental policies and regulations, should not continue to compete for this market. It is perverse to argue that the global climate or human development will be better off if we vacate the field and leave it to countries whose environmental and human rights records are deplorable.

Failing to build export pipelines will do nothing to hasten the development and adoption of alternatives to oil. What it will do is to hamstring Canada while pouring tens of billions of dollars into our competitors.

The benefit to the climate of ceding our competitive edge to places like Venezuela, West Africa or the Middle East would be marginal at best, damaging at worst. The economic impact on Canadian families would be enormous.

The 200,000 businesses represented in the national Chamber of Commerce network have confidence in the ability of our regulators to set stringent standards, and of the energy industry ability to use innovation to meet them.

We can get these projects done the right way.

We know this because we truly are a nation of builders. This is a sprawling and complicated country that does best when we connect with each other and with the world.

We have the need, the means and the opportunity to build the kind of projects that will benefit our grandkids in the same way we've all benefited from the foresight and political will of past leaders.

Less than one year ago, Canadians gave a powerful mandate to a government that offered the exact opposite of the inward-looking and wall-building politics

that is taking root in too much of the world today. The question is how the government will act on that mandate.

Now more than ever, Canada needs the visionaries and nation-builders who will create prosperity here at home by connecting Canada firmly to the trade routes of the twenty-first century.