

Notes for a Speech by

The Honourable Joe Oliver, P.C., M.P.

Minister of Natural Resources

Canada's Energy Resources: The Path to Continued Prosperity

Canadian Club  
Toronto, Ontario  
Sept. 23, 2011

**Check against delivery**

Good afternoon, ladies and gentlemen.

I'm delighted to have the opportunity to speak to the Canadian Club, where I have attended many interesting talks on a wide variety of subjects. Indeed, five years ago when I was working with the Investment Dealers Association, I spoke on the subject of investor protection.

**Aujourd'hui, je parlerai d'un sujet plus vaste, à savoir, assurer une prospérité économique toujours plus grande pour tous les Canadiens.**

Today my address deals with a broader subject, that of ensuring the growing economic prosperity of all Canadians.

It's a pleasure to be in my home city, where diversity, growth and opportunity make Toronto one of the most attractive places in the world to live and work.

As Canada's Natural Resources Minister, I oversee a portfolio that encompasses everything from forestry to earthquake preparedness, even the Atlas of Canada. Energy is a critical part of that portfolio.

This summer, I travelled all across Canada and the United States spreading the word about the role our immense energy resources can play in future energy security.

Last week, I attended the Asia–Pacific Economic Cooperation (APEC) Transportation and Energy Ministers' Conference in San Francisco.

I also met with a number of influential think-tanks, government officials and business leaders in San Francisco, Silicon Valley and Los Angeles.

In coming weeks and months, I plan to travel to New York,

Washington, Europe and Asia. Everywhere I go. I'm delivering the same message: Canada is a global energy superpower that can supply energy to its customers in a way that is safe, reliable and environmentally responsible.

**Pour les Canadiens, cette discussion sur l'énergie présente également une autre dimension. Les investissements dans notre avenir énergétique sont absolument essentiels pour concrétiser les possibilités économiques, créer des emplois et faire fond sur le formidable avantage dont jouit notre pays.**

For Canadians, this energy discussion also has an additional dimension. Investments in our energy future are absolutely essential to realizing economic opportunities, creating jobs and building on our unique Canadian advantage.

**Our growing energy industry**

On the world stage, Canada is increasingly being recognized for the strength and dynamism of our economy.

The global recession hit Canada later and affected us less severely, and we emerged stronger than other G7 countries. Our economy has created nearly 600,000 new jobs since July 2009. And the International Monetary Fund predicts that Canada, along with Germany, will have the fastest growing economy among the G7 over the next two years.

One of the keys to our economic strength is our natural resource sector and Canada's emergence as a global energy superpower. In the light of the fragility of the global economy, this is more vital than ever.

As you well know, Canada is fortunate to have abundant energy resources of all kinds. In fact, energy represents roughly 7% of our Gross Domestic Product (GDP) <sup>1</sup>and creates hundreds of thousands of direct and indirect jobs across the country.

This energy endowment provides Canada with a unique economic advantage — one that we are leveraging to strengthen our place in the global market and our position as a leader in green job creation.

The numbers tell the story:

- Canada is the world's sixth-largest producer of oil.<sup>2</sup>
- We are the third-largest producer of natural gas and hydroelectric power.
- We are the second-largest producer of uranium.

---

<sup>1</sup> ["Important Facts on Canada's Natural Resources" booklet, pub. 2010](#)

<sup>2</sup> IEA August 2011 Monthly Oil Market Report, Canada is listed as the world's 6<sup>th</sup> largest oil producer. Figure includes crude oil, condensates, natural gas liquids and oil from non-conventional sources.

- We have a growing renewables portfolio.

We are — by far — the largest supplier of energy resources to the world's largest marketplace, the United States.

How we harness all these precious resources will have a significant impact on our country— on our global competitiveness, on our environment and on our overall quality of life.

Aside from conventional energy, which I will speak about further in a moment, Canada is also making a name for itself as global leader in clean energy.

Between large hydro and other sources of renewable energy, Canada meets about 75% of its electricity needs from non-emitting sources.

Our ecoENERGY Innovation initiative will support a wide range of projects across Canada, including clean

electricity and renewable projects. These projects will focus on research, development and demonstration in five key areas:

- energy efficiency in buildings, communities, industry and transportation;
- clean electricity and renewables;
- bioenergy;
- research and development of electric vehicles;
- and unconventional oil and gas.

In addition, I recently announced that the Government of Canada is investing to improve energy efficiency in buildings, industries, vehicles and consumer appliances.

These ecoENERGY Efficiency initiatives will reduce greenhouse gas emissions, improve air quality, save money for Canadians and Canadian businesses, and create jobs in the energy sector.

With these kinds of strategic investments in clean energy, we are positioning Canadian industry to lead through

innovation and creating jobs of the future. In fact, I can say that last week during my visit to San Jose, Palo Alto and Los Angeles, I saw first-hand how vital our support to Canadian clean energy technology companies is to their continued success and growth.

## **The importance of the oil sands**

As exciting as this progress on the clean energy front is, we cannot overlook the overarching reality that at the heart of Canada's status as a global energy superpower is the development of our huge oil sands deposits in Alberta.

Most Canadians don't realize that we possess the third-largest proven oil reserves in the world at 174 billion barrels<sup>3</sup> — only Saudi Arabia and Venezuela have more. And more than 98% of these reserves are found in the oil sands.

---

<sup>3</sup> Alberta's Energy Resources Conservation Board (ERCB) and the Canadian Association of Petroleum Producers (CAPP) latest figure available.

**Les sables bitumineux sont et demeureront un moteur économique important pour tout le pays. Ils sont une ressource stratégique nationale essentielle qui a des retombées économiques et contribue à la sécurité énergétique du Canada, de l'Amérique du Nord et, évidemment, du marché mondial.**

The oil sands are — and will be — a major economic driver for our entire country. They are a key national strategic resource that not only delivers economic benefits but also provides energy security to Canada, North America and, indeed, the global marketplace.

According to the Canadian Energy Research Institute (CERI), over the next 25 years, oil sands development is expected to inject over \$2.3 trillion into Canada's economy.

That is a huge amount of money. Last year our entire

economy generated \$1.6 trillion dollars.<sup>4</sup>

I don't have to tell this audience how that figure will affect you.

The oil sands are not just about Alberta. They represent jobs and revenue for every Canadian province and territory and for many American states.

Last year Canada's oil and gas industry paid over \$4 billion in taxes and \$12 billion in royalties.<sup>5</sup>

This money is used by all levels of government to build roads and schools, support health care, fund cutting-edge research and generally make Canada — all of Canada — one of the best countries in the world in which to live and

---

<sup>4</sup> <http://www40.statcan.ca/101/cst01/ECON04-eng.htm>

<sup>5</sup> The fiscal pulse of the Canadian upstream oil and gas industry, ARC Financial and CAPP, April 2011

work.

Here in Ontario, the oil and gas industry is expected to contribute more than 87,000 jobs and pump \$55 billion into the province's economy over the next 25 years.<sup>67</sup>

The oil sands are a key driver in virtually every sector of the Canadian economy — equipment manufacturing, construction, engineering, financial services.

But their importance goes beyond economic benefits. The oil sands are also key to ensuring North American energy security.

In 2010, Canadian exports of crude oil amounted to \$52 billion — that's 13% of our total exports.<sup>8</sup> Half of Canada's crude oil production currently comes from the oil sands. Over the next five years, oil production is expected to

---

<sup>6</sup> CERI 2009 study

<sup>7</sup> CERI

<sup>8</sup> Statistic Canada, Energy Statistics Handbook, 1<sup>st</sup> Quarter 2011, Value of Selected Canadian Energy Exports to All Countries, Table 3.1.

increase by 11%, largely powered by the oil sands.

Right now, North America is the fastest growing oil-producing region outside of OPEC, according to the International Energy Agency.

It's clear that Canada is fast emerging as a pivotal source of global crude oil supply for the entire world. And the world will need it. The IEA estimates oil demand will grow by 36% in the next 25 years.

But to achieve our full potential, we need to make major investments in oil infrastructure in this country. In other words, we have to get the oil to market.

Many U.S. officials acknowledge that Canada is a key partner in ensuring their energy security.

Many other countries are also beginning to recognize the benefits of working with a stable, democratic and

responsible partner like Canada.

## **Our commitment to sustainable energy development**

And we are a responsible and sustainable energy producer. Our Government, and the Province of Alberta, are working closely together with industry to advance the environmentally and socially responsible development of Canada's oil sands.

My colleague, the Minister of the Environment, recently unveiled a plan to address environmental issues by world-class monitoring of the impact of oil sands development on water, air, plants and animals.

We want to ensure that this resource is developed in a way that protects our air, water and biodiversity for generations to come.

Recently, the Governments of Canada and Alberta

announced funding for a carbon and capture storage system in an upgrader plant near Edmonton to help reduce carbon emissions by over 35%.

Oil sands development is already subject to stringent regulatory review and monitoring. The industry is increasingly employing drilled, or in situ, oil sands production — where no tailing ponds are created and where, on average, only one new barrel of water is needed to produce one barrel of oil.

By law, companies are required to remediate and reclaim 100% of affected land. In this way, the restored land will be able to sustain vegetation and wildlife again. I can attest to this: I recently visited a forest north of Fort McMurray that has been reclaimed from the oil sands, and you would never know development had occurred there.

I know a former Syncrude site is now home to 300 bison that graze on restored land.

Those are some examples of our government and private sector commitment to the environment. However, we also have to keep the oil sands in perspective.

The total area that has been affected by surface mining represents only 0.1% of Canada's boreal forest.

You won't hear this from celebrity protesters.

Also, let me say a few words about greenhouse gas emissions. It may surprise you to learn that the oil sands account for about 0.1% (one-tenth of 1%) of global greenhouse gas emissions — that's also one in a thousand.

In fact, electricity plants powered by coal in the U.S. generate almost 40 times more greenhouse gas emissions than Canada's oil sands. The state of Wisconsin alone, with its coal-fired electricity plants, equals the entire GHG

emissions of the oil sands.<sup>9</sup> And California bitumen is more GHG-intensive than anything out of the oil sands<sup>10</sup>. You don't hear any of that from the celebrity protesters either.

Nor the fact that Canada remains committed to reducing its total emissions by 17% below 2005 levels by 2020, the same as the U.S.

Nor that technological innovation has reduced GHG intensity by 30% in the last 15 years.

Nevertheless, opposition to the oil sands — and now the proposed Keystone XL pipeline — grabs the headlines, with potential implications for our energy industry, our economy and our energy security.

---

<sup>9</sup> U.S. Energy Information Administration

<sup>10</sup> Cambridge Energy Research Associates (2010). Getting **The Numbers Right**.

## **Opening up new trade and investment**

As we look to the future, Canada recognizes that only through cooperation at the global level can we reach our energy goals.

Today, Canada and the U.S. are each other's most important energy partner. We trade oil, natural gas and electricity across our shared border every day.

That's why our Government strongly supports construction of the Keystone XL pipeline from Alberta to the Gulf Coast.

The U.S. State Department recently released a final and positive Environmental Impact Statement, which is a key step in the approval process. It concluded, because of 57 conditions imposed on TransCanada, that it will be safer than any typically constructed pipeline in the U.S. system.

Yet, if you watch the news, you know that Keystone XL

has touched off all sorts of protests. On Capitol Hill a couple of weeks ago, for example, movie stars were making headlines and getting themselves arrested. So it's important to examine the facts.

Canada has excess capacity, and the U.S. has excess demand. So we need a pipeline that will transport as much as 700,000 barrels a day of Western crude from Alberta to the refineries in Texas.

The Government of Canada believes the project is an important plank in building continental energy security. That said, we respect the American permit process, and we look forward to a final decision by the U.S. Administration by the end of the year.

Our relationship with the U.S. is vital: with 97% of our oil exported south, the U.S. is basically our only customer. But you don't need an MBA to know that being so dependent on one customer — no matter how good a

customer — is not smart business.

That's why our government is focused on the emerging markets of Asia as well. It's worth noting that recently China surpassed the U.S. as the world's largest consumer of energy.

Today, China is the world's second-largest economy and Canada's second-largest trade partner. In fact, trading between Canada and China increased by 30% last year alone, and there is great potential for further trade and investment in the energy sector.

With that in mind, we support increased access to key Asian markets to secure the benefits of our resources now and for the long term. Projects such as the proposed Northern Gateway Pipeline, would connect Alberta's oil sands to the port at Kitimat on the coast of British Columbia, where tankers could transport oil to Asian customers.

The Northern Gateway pipeline is currently undergoing an environmental assessment and a regulatory review by a joint review panel, and a decision on the project will be made after the review is completed.

As with Keystone, our government respects the regulatory process. Nevertheless, it is a key strategic objective to diversify our customer base and to do so in a timely manner, which leads me briefly to the subject that I spoke on five years ago, but in a different connection: regulation.

## **Improving Regulatory Performance**

As you know, energy projects often require reviews by many levels of government, which can take years and occasionally affect a project's viability. To streamline the process, ministers across Canada have pledged to

improve regulatory reviews by creating a one-stop process.

My department, Natural Resources Canada, took the first steps by setting up the Major Projects Management Office to make reviews more timely and predictable, something large-scale investments simply must have in order to make them viable propositions.

After its third year of operations, the Office now manages over 70 project reviews, representing about \$120 billion in investment in communities across Canada. About half of these major projects are in the energy sector.

Thanks to the enormous scale of our energy resources, Canada is in the enviable position of being able to help meet the world's growing energy needs while ensuring our energy security here at home.

## **Conclusion**

So, in conclusion, my message is clear. Canada is a safe, responsible and reliable supplier of energy.

We are committed to all aspects of eco-efficiency, clean energy and reducing greenhouse gas emissions from conventional energy.

But with regard to the oil sands, and the Keystone XL pipeline in particular, it is time to separate fact from fiction.

**Les sables bitumineux sont probablement la plus importante réserve de pétrole au monde à l'heure actuelle. Leur importance économique et stratégique pour le pays ne peut être sousestimée.**

The oil sands are potentially the biggest oil reserve in the world today. Their economic and strategic importance to this country cannot be underestimated.

That's why I wanted to set the record straight about our the environmental impact and the vast economic potential of Canada's oil sands and the importance of pipeline projects like Keystone XL.

As I look into Canada's future, I see the phenomenal resources we are developing and the potential benefit to all Canadians. With the right investments in infrastructure our country can play a much larger role in meeting the energy security needs of North America, and of the Asia-Pacific region.

As Minister of Natural Resources, I believe the 21st century belongs to Canada and Canadians. Our enormous endowment of natural resources, combined with our world-class skills and technology, represents wealth, opportunity and security for all Canadians.

We all stand to benefit enormously when we develop them in a strategic and responsible way. But develop them we

must.

Thank you. Merci.