



PREMIER OF SASKATCHEWAN

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**“Meeting the North American
Energy Infrastructure Challenge”
Woodrow Wilson International Center for Scholars
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Premier Brad Wall’s Address**

**Premier Brad Wall's Speech at the
Woodrow Wilson International Center for Scholars
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PREMIER BRAD WALL: -- to our hosts. It's great to be here at the Center again. I had a chance to speak here not too long ago, I guess, but it's wonderful to be back.

Ambassador Doer, it is always great to see you. He is, notwithstanding his choice in CFL teams, Canadian football teams, he is, I think, the best Ambassador we've had here in a generation and I want to acknowledge that very publicly and thank him for his work on behalf of the Dominion of Canada.

It's been a busy couple of days for us here and it's been -- it's going to be a busy afternoon and we will continue the work tomorrow, but it's an honour to be here today. I guess I'm the last in a series of premiers and Canadian politicians to be in Washington of late. I don't think there's been this many Canadians down here since the NHL came to town a long time ago --

(Laughter)

-- and I think you're going to see more of us now that the comment period on Keystone has opened up and a decision for this is pending.

I am not going to start with Keystone. It might be counter-intuitive. I'm not going to start with that particular project. I'll get there eventually, but Keystone really is just the latest development. It's just the latest episode in a very longstanding and robust and constructive relationship

between two nations, the best relationship I think you'd find by almost any measure on earth in contemporary history and that should be the context really for any discussion of Keystone. That should be the context for any particular issue we may be discussing in terms of trade, be it in energy or in food or you name it.

There is a Woodrow Wilson quote that's featured in the Memorial Hallway of this Center, "One cool judgment is worth a thousand hasty counsels. The thing to be supplied is light and not heat." There has been a lot of heat generated around the Keystone issue, around the energy issue, maybe considerably less light, in my view it's that paucity of reason, an absence of context. The context is that longstanding relationship, the trade relationship, the friendship that we have; that's the light and there's plenty of it and I'd like to share a little bit of it with you before we get into some more specific discussions.

About five months ago there was an important anniversary of an event that passed basically unnoticed. It was the 25th anniversary of the signing of the Canada-U.S. Free Trade Agreement. This was an historic agreement. I remember I was just out of university and working in Ottawa as a staffer on the Hill at the time when it was signed by both governments, agreed to by Prime Minister Mulroney and President Reagan, and I remember what the hyperbole and the rhetoric that ensued over that particular agreement. In fact, I got involved.

There was a few young staffers on the Hill that decided to form something we called the Alliance for the Future of Young Canadians and it was meant to be a representation of the youth view of that particular free trade agreement. We were going to weigh in on whether, indeed, it was going to be

good for future generations because that's what either side, opponents and supporters, of the Free Trade Agreement were invoking.

And I still remember the hyperbole. On our side of the border, there were many, many groups who predicted basically the end of Canadian culture, the end of Canadian music, the end of Canadian magazines, you name it. The border would be erased. We would be absorbed by the United States of America. And I was familiar as well with what the opponents in this country were saying about free trade, worrying about what was already a trade surplus from the Canada side of things -- from the Canadian side of things, and I just remember that debate very, very well.

Here's some things we should review then, these few months removed from the 25th anniversary. Since that Free Trade Agreement, our two-way trade with the U.S. has more than tripled from 187 billion to 573 billion. U.S. two-way trade with Canada has surpassed \$600 billion. Canada is the number one export market for 37 of 50 States. Saskatchewan's two-way trade with the U.S. has jumped more than 900 percent from 3.2 billion to \$29.5 billion, and we still use "eh" as punctuation, and we still have hockey, and we still have magazines --

(Laughter)

-- (inaudible). We still have our culture and you have yours.

Trade is very important to our country. We have great resources and not a lot of people. It's especially true in our province. We are blessed in Saskatchewan to have natural resources. We own half of the arable acres -- well, not quite -- about 44 percent of the arable acres in our country, but there's only 1,080,463 of us, so we need to trade.

Last year, our province exported a total of \$31.5 billion worth of goods; that's a record. These are export focused, but not limited to food and energy. And in a world, by the way, where the fastest growing economies want food security and energy security, I do like our chances for the mid-term and the long-term. There are 18 countries in the world who buy more than \$100 million in agri-food products from our province and our top market is the United States of America.

Fifty-eight percent of the world's lentil exports come from Saskatchewan. Sixty percent of the lentil imports of India come from 18,000 Saskatchewan farmers; 55 percent of the world's pea exports; 32 percent of the canary seed.

I had an individual ask me about canary seed. It was in the context of quinoa and some of these other great food staples. He said, "What do they -- who eats -- what do you do with the canary seed?" "Well, we feed it to canaries."

(Laughter)

No human consumption there much yet. Thirty-two percent of the world supply.

Thirty percent of the world's rye exports. There's a strategic resource. Forty-one percent of the world's oat exports come from our province. Thirty-nine percent of the world's mustard seed comes from the Province of Saskatchewan. And we produce the fertilizer to grow these things in other places; about 30 percent of the world's production of potash is also located in Saskatchewan and we're adding new capacity in that particular industry. Companies are investing about \$13 billion.

What about energy? Well, if Saskatchewan were a country, it would be America's ninth largest source of oil. We sell more oil to this country than Kuwait. We don't sell as much as Alberta, but we sell a lot of conventional oil and, by the way, thank you to those Americans. We're grateful for that relationship. There's 300,000 barrels moving south every day. We have conventional oil deposits of 45.6 billion barrels. We grudgingly share the Bakken Formation with Montana --

(Laughter)

-- and North Dakota and Manitoba, so we're really -- all of us are trying to horizontal drill each other out of that.

(Laughter)

Saskatchewan has the largest highest grade deposits of uranium on earth. It is the energy equivalent of 19 billion barrels of oil, four billion tonnes of coal.

And the lives of people in this city and people -- the lives of people in this country are touched by our small province, at least small from a population standpoint. When they wake up in the morning, they might be eating Cheerios or oatmeal -- porridge. There's a good chance that came from Saskatchewan. There's a six in ten chance that some of a lentil soup and pasta lunch came from the Province of Saskatchewan.

If someone in this city goes to a Nationals' game and has a hotdog at the ballpark, there's about a four in ten chance the mustard they put on the hotdog came from the Province of Saskatchewan. The barley that made the beer --

(Laughter)

-- there's a good chance that it came from Saskatchewan. We're willing to boost exports, by the way, if you decide to make your beer stronger.

(Laughter)

The hotdog itself, I don't know where that comes from.

(Laughter)

When those people would leave that game and go home at night, five out of a hundred of them would know or maybe would not know actually that the electrons that are powering those lights come from Saskatchewan uranium.

You notice something about each of these examples? Each of these examples highlight the value on both sides of the border to the trade relationship because -- and perhaps this is our fault, Ambassador -- we only grow the mustard seed. You create the jobs. Americans create the jobs by making actually the mustard before it gets on my tie. We don't. We grow the oats. It's sold here and Quaker makes it into a cereal. Those jobs are created in this country. We sell a lot of oil through Montana. It stops at Billings and Conoco and Exxon. They add value. They create jobs for American families because that's the nature of this trade relationship, which is more than a trade relationship. These are deeply integrated markets we're talking about. Every day on just one bridge near Detroit, more than 7,000 trucks cross the border; that's, of course, the longest undefended border in the world. Every day thousands of megawatts of clean Canadian renewable hydroelectricity is transmitted through hydro power lines that run north and south that serve households and businesses in the United States and -- and, ladies and gentlemen, every day 81 pipelines carry natural gas and oil from Canada to the

United States of America, 81 pipelines that have managed to successfully operate for years and years right under Daryl Hannah's nose.

(Laughter)

All of this is not just the stuff of two parties to a contract, not just a cold customer-seller relationship. It goes much deeper than that.

Last June, forest fires ravaged Colorado. The call went out for help and Saskatchewan sent three planes, a couple of water bombers and a birddog aircraft. We did that because, you know, we have an agreement. Beyond trade agreements, we have agreements for mutual aid. If this was happening in our province or in Manitoba, you'd be there for us. We've agreed that this is an important function in the relationship, so it's really much more than a trade relationship. It is a friendship. It is the relationship of neighbours.

But there is a current and pressing demand on our friendship today, on our shared responsibility to ensure economic security, energy security and greater energy independence in an environmentally-sustainable way and that does take us to Keystone. I want to offer a few facts and many in this room will know it, but they bear repeating. We've been told, "You haven't presented these facts enough." We've been told that as Canadians and I think those who tell us that are right, by the way, so permit me to do that again.

Some of these facts have been actually lost in some of the heat around the debate. Some of the heat has been caused by celebrities, for example, who weigh in as is their right to do so. In fact, just last week I had a bit of a Twitter war with Martin Sheen, sort of an indirect Twitter war through a reporter. I was actually out of province at the time. Martin Sheen was in Saskatchewan for an event. It was a charitable event for which we thanked him.

It was an important place for him to be. But he was asked by a reporter if he had a message for me. The reporter said, "Premier Wall's going to go to Washington and he's going to lobby for the pipeline, for Keystone. Do you have a message for him?" and here's what he said, and I quote, to me, "Don't do this. It's not going to be something you're going to be proud of in the future. Don't do this. It's not going to be something you're going to be proud of in the future." Well, I've got a couple of points on that.

Number one, I know that I will be proud of our province's efforts to see this pipeline approved now and in the future, in the mid-term, in the long-term, because we do have some of the facts. We understand what the project's really all about, what it's not all about and, secondly, I hope there was at least a few times he offered that advice to Charlie.

(Laughter)

Fifteen percent of the oil in Keystone will carry -- that the Keystone Pipeline will carry is not bitumen. It's not oil sands. We just heard from the Congress today that this is not a fact well known, that up to 15 percent of the oil in that pipeline is American light sweet crude from the Bakken Formation, from Montana and from North Dakota. Right now we're losing money on the differential, on the discount for heavy oil in Canada, but guess what - so are producers in North Dakota and Montana, so are those States in terms of their treasuries. Eight billion dollars is the impact on those two States.

Keystone is going to help lower the WTI Brent discount. There's no question about it. It'll also create 20,000 jobs -- that's well known -- 42,000 on the construction side over two years. It'll generate more than 585 million in new tax revenues for States and communities along the pipeline and

about 5.2 billion in property taxes throughout the operating life of the pipeline. I think we can all agree that governments, whether they're state governments, local governments or national governments, have a greater capacity to ensure quality of life, to invest in environmental programs, to invest in new environmental technologies if they have robust revenues. Wealthier countries are better able to do right by the environment than are countries that are deprived of this kind of revenue.

Keystone will provide about a \$20 billion boost to GDP in this country and, obviously, we benefit. We get to close the discount from our side, full disclosure there. Saskatchewan won't have any oil in the pipeline. We may one day have oil sands development, but we don't right now, but it's a \$300 million differential today and it could be eliminated by the Keystone. Our industry is losing about \$2.5 billion a year as well. That's the economics of it and the energy security argument of it. And I know, and I think you know, that were the only matrix for Keystone's approval economic, the thing would have been approved long ago.

There are environmental questions that have been asked, fair questions. There are political issues here involved and I think you're going to see Canadians -- the Ambassador has been doing this for a while. You're going to see premiers and, I think, our federal government -- I hope you'll see us move towards the environmental issue, try to give the Administration the environmental elbow room it needs to approve this pipeline because we have not done that yet. We have not done a very good job of sharing with our friends across the border as to our environmental record, as to our commitment to deal

with GHGs. We haven't shared all of the facts, I don't think, as well as we could have.

We in Saskatchewan can be an honest broker because we are not in the oil sands business so we can tell you that the oil sands account for one-tenth of one percent of global greenhouse gas emissions. We can tell Americans that the oil sands account for just 6.9 percent of all of Canada's GHGs. We can tell you that in 2010, GHG emissions from the oil sands were equivalent to 3.5 percent of the emissions from U.S. coal-fired plants. We could tell our American friends that Canada produces just two percent of the world's GHG emissions compared to China at 25 and the United States at 18. These are the perspectives that we need to bring to this particular issue, but we need to do something else.

We need to be able to say quite fairly to those who will make this final decision and admit that we need to do more by the environment on our side of the border. We need to be improving the environmental sustainability of energy development. And the best indicator of future conduct is past conduct, so what have we done so far? Well, we have coal-fire regulations that are actually more aggressive today than they are here in the United States. We have oil and gas regulations coming that are going to help deal with this. We have individual provinces that have put a price on carbon. They're the first to do so, set up technology funds with the proceeds from -- of the crimes, those who have emitted -- over-emitted, paying into that fund at a price per tonne, a fund that is used to invest in carbon capture technology to deal with issues in the oil sands themselves.

We have our own greenhouse gas legislation in our province and targets that are more aggressive than the national government, more aggressive than the targets in the United States. We're going to set up a similar fund in our province and, more than that, today we're investing \$1.24 billion in the largest clean-coal project on earth as far as we know. Here's something you don't say in government very often. It's on time and it's on budget --

(Laughter)

-- and it works. It's a 90 percent capture clean-coal project. We're recycling the water that cools the particular capture unit. We've sold the CO₂ to an oil company. The existing facility -- this is on an existing coal-fired plant now that we've retrofitted. The CO₂'s been sold to the oil company because CO₂ is a great solvent, as we mentioned before, for enhanced oil recovery. We'll get three to four million barrels more of oil at an existing field without punching another hole in the earth and they're going to buy the CO₂ at about \$25 a tonne. That's \$10 higher than the price that's been set next door in Alberta.

This is an important project and we have been inviting legislators and decision-makers here to come and visit it and the Ambassador has helped put together an outstanding program for us. We have a lot of interest. I think we're going to see a number of -- maybe not as many as Canadian politicians coming down here, but we're going to see some come the other way, have a look at what we're talking about here. This project is -- will take the equivalent of 250,000 cars off the road from a CO₂ standpoint, but guess what? Folks down here don't know about it. Guess what? Folks don't know about what Alberta is doing or what we've doing in terms of coal regulations because we haven't told them yet. The Ambassador has been, but

we need to be here, sending this message out that when Americans deal with our country, they are dealing with a country that's very serious about CO₂; that it's determined to make sure that we are in an environmentally-sustainable way developing the energy resources of our country and wanting to work and share our technology, by the way, with the United States to help them do the same.

Now, lynchpinned to this whole clean-coal thing is whether or not CO₂ can be efficaciously stored underground. Here we have some good news as well. Years ago, the U.S. Department of Energy partnered with Canadian entities, \$5 million, so that we could take CO₂ from a coal gasification plant in Beulah, North Dakota, pipe it up to Weyburn, use it for enhanced oil recovery, then store it. Twelve years we've been doing that. The International Energy Agency has been monitoring it and they've signed off. I think it's why the U.N. has said, "Look, CCS is part of the tools in our battle on climate change." And now today, 40 percent of the successfully stored CO₂ on earth is in Southeast Saskatchewan at Weyburn, so we know this will work and it's important for us to share this information, especially in the context of Keystone.

By the way, for those interested, we're going to have -- here's the commercial. We're going to have a symposium up in Saskatchewan on this particular project and a site tour May 21 to 23rd. We'd be happy if you were able to join us or if you know of people that might be interested in coming.

With respect to Keystone, we need to do a better job and we will in this comment period, ladies and gentlemen. Now is the time for clear analysis. Now is the time for more light and less heat.

And it's interesting to see what's happening on the blogs, even on the environmental blogs. It's interesting to see what is happening in terms of

columns in major papers here. If you listen to people like Jonathan Foley, the Director of the Institute of Environment at the University of Minnesota, who doesn't particularly support Keystone -- full disclosure there, but here's what he said. "Some people are passionately focused on stopping the Keystone XL Pipeline, saying that the single pipeline would be 'game over' for climate change." Remember we talked about the hyperbole around the Free Trade Agreement, "Game over." Some have used "death and destruction" in their opposition to it, but he says, "Yet the pipeline itself would only represent a miniscule fraction of our national energy use." Indeed, there are 600 coal-fired plants operating in the United States today. A media report says that one of them, a huge one in Georgia, has a CO2 footprint about 75 percent the size of the oil sands, ladies and gentlemen. Professor Foley asks this question, quote, "Why not attend more to these larger parts of the American energy system where we're able to make much more progress on CO2 emissions?" and I think he's talking about coal, and so am I, so are we. We have something to offer on that front.

Your second President, John Adams, famously said, "Facts are stubborn things, but they have been too absent." This isn't America's fault, this is ours. I think they've been too absent for too long from the discussion around Keystone. When you're dealing with Canada, you are dealing with a country that share -- obviously, the values which you share, we share them together, but also a country that's serious about the environment, serious about North American energy security as well.

People were asking me today how do I -- "What are our chances?" I've actually mastered this. What are our chances? You would know

better than I in terms of approval for Keystone. I was saying 50/50 prior to last Friday's State Department report. I'm just cautiously hopeful. Maybe it's 60/40, but I'm more optimistic actually for a different reason. I think the context actually of this relationship will prevail in the end. On a *prima facie* basis, the pipeline makes sense for all the reasons we've mentioned. That's what we believe. We know there are opponents. We know there are detractors, but I think the context of our relationship, this prized friendship between two countries, will prevail. That is why I am hopeful. It's beyond something so temporal as a pipeline.

I am hopeful that what is best about the most peaceful productive nation-to-nation relationship that you can find on earth, that it will be the abiding force for good in this relationship and for good in this decision. I'm hopeful because men and women on both sides of the border, in both countries -- I'm hopeful that they will remember that, "One cool judgment is worth a thousand hasty counsels. The thing to be supplied is light, not heat," and light we shall give it.

Thanks for your time today.

(Applause)

(END OF RECORDING)