

Notes for an Address

by

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to the

Minister of Foreign Affairs

For delivery at the

Canada-India Oil and Gas Forum

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Thank you for your kind introduction. I am delighted to participate in this inaugural Canada-India Oil and Gas Forum, and to bring greetings on behalf of Canada's Natural Resources Minister, the Honourable Joe Oliver. He is in Europe this week, but sends his best regards for a successful conference.

I first want to thank the Canada-India Business Council for organizing this event. You have performed a valuable public service by bringing together public and private sector interests to explore opportunities to increase trade, investment and services between our countries.

I welcome this chance to outline our government's enthusiasm to further enhance trade and investment with India - particularly in the area of oil and gas exports.

Canada's growing trade with India is driven by the strong friendship between our two countries. Over one million Canadians of Indian origin call Canada home today, and many capitalize on their connections to India to create jobs and new business opportunities here in Canada.

One such example is Aditya Birla Group who, through its subsidiary Grasim Industries, owns two pulp mills in New Brunswick. The company just last year acquired an idled pulp mill in Terrace Bay, Ontario. The mill has since returned to production.

Increased Bilateral Trade

This groundbreaking conference is a result of the growing bonds between our nations and to India's position as an economic powerhouse.

In 2011, India's bilateral trade with Canada reached a record high of more than \$5.1 billion¹ and two-way investment totalled \$5 billion.² Last year alone, Canadian exports to India increased by over 27% while our imports from India rose by more than 19%.

Ensuring these numbers continue to grow is a priority for Canada. This is clear from the repeated visits by Canadian government and business delegations in recent years. Since 2006, various Federal Ministers from Canada have visited India more than 20 times and provincial premiers have visited six times. These include official visits by Prime Minister Harper and Minister Oliver to India in 2012.

During the Prime Minister's visit, he and Prime Minister of India, Dr. Manmohan Singh committed to deepen our two countries' bilateral engagement in key areas of mutual interest such as: energy security; agriculture and food security; mineral resources; education; infrastructure development; and advanced civilian, defence and space technologies.

These high-level interactions are expanding bilateral ties between India and Canada and, equally important, they improve mutual understanding and encourage closer cooperation across economic sectors.

Increasing Canadian exports to large, dynamic and fast-growing economies is an important priority for our government. We're negotiating trade deals with Japan, the countries that make up the Trans-Pacific Partnership, and other high-growth markets – including India.

The Canada-India Joint Study Report concluded that free trade between the two countries could boost Canada's economy by at least \$6 billion a year. That translates into almost 40,000 new jobs across the country and a \$500 boost to the average Canadian family's annual income.

¹ In 2011, Canadian exports to India were \$C2,692 M. Canadian imports from India were \$C2,533 M. Total two-way trade was \$C5,162 M. (Source International Trade Division, Statistics Canada).

² In 2011 Canadian Direct Investment in India was \$C587 M. Indian Foreign Direct Investment in Canada was \$C4,396 M for a total of \$5.0 two way total investment (Source: Statistics Canada Table 376-0051).

Canada and India continue to negotiate a Comprehensive Economic Partnership Agreement and as in all free trade negotiations, Canada seeks to increase two-way trade and investment. Finalizing an agreement that accomplishes these objectives would benefit both our nations.

Complementary relationship regarding oil and gas

Nowhere is the potential for increased investment and trade greater than in the energy sector. Energy cooperation is a central element of the Canada-India strategic partnership, and this is reinforced by several important milestones that were announced during Prime Minister Harper's visit to India last November.

During this visit, both countries agreed to strengthen our energy engagement by elevating our discussions to the ministerial level. Canada and India also committed to exploring a Memorandum of Understanding in the field of oil and gas. The Harper Government is currently working with our Indian counterparts to turn these commitments into concrete results.

Canada and India also recently signed the Appropriate Arrangement, a major milestone toward full implementation of the Canada-India Nuclear Cooperation Agreement. The Nuclear Cooperation Agreement will allow Canadian nuclear companies to export controlled nuclear materials, equipment and technology to India for peaceful purposes, under the safeguards applied by the International Atomic Energy Agency.

The agreement reaffirms, at the highest level, our countries' joint commitment to strengthening our bilateral energy relationship.

To support its rapid growth, India needs energy and resources. Security of supply is essential to fuel economic growth and to meet the energy demands of an expanding middle class.

India is now ranked as the third-largest consumer of energy in the world³. The country is already facing a daunting energy supply gap of about 8%, with peak shortages of more than 10% in 2011-12.⁴ Indian energy demand will only increase as its economy continues to expand.

Canada, meanwhile, has the world-class resource supply, expertise and technology to supply Indian energy needs. We are globally recognized as a responsible, secure and dependable supplier.

Canadian energy exports can help fuel India's transformation into an economic giant. And, as business people here today will tell you, we are only too happy to oblige. Because Canada is on the hunt for new energy customers.

While the United States will continue to be our largest export market, U.S. dependence on imported petroleum and natural gas is expected to decline. Canada must accelerate its search for new markets and opportunities to sell our vast and growing supplies of energy resources.

Canada's Resource Potential

We are starting to make inroads. Over half of all of our exports to India last year consisted of natural resources. But we have barely scratched the surface when you consider the extraordinary possibilities.

Our proven oil reserves are the third-largest in the world at 173 billion barrels. Of that, 98% or 169 billion barrels of these reserves are in the oil sands.

³ International Energy Agency, World Energy Outlook 2012, November 2012. The IEA indicates that India recently overtook Russia as the world's third largest energy consumer, page 56.

⁴ Central Electricity Authority (Government of India). 2012. Load Generation Balance Report 2012-13, page 1.

With new technology, oil sands reserves could grow to over 300 billion barrels – which would give Canada the largest oil reserves in the world. Tight oil development could allow the recovery of billions more.

There are a number of large infrastructure projects proposed to carry oil sands product to tidewater for export. Pipelines are planned south into the U.S. as well as west and east in Canada – opening new doors to oil exports to India.

The Harper Government is encouraged that there is sufficient market support to transport crude oil from Western Canada to Eastern Canadian markets.

Subject to regulatory approval, TransCanada's Energy East project represents a positive step in advancing our government's priority to construct energy infrastructure that would transport Canadian oil from the West to eastern Canadian refineries and ports.

Oil is not the only energy source we have on offer. Canada also has massive natural gas resources. We are the world's third-largest gas producer, with marketable natural gas resources currently estimated at up to 1,300 trillion cubic feet⁵. That's more than enough supply to easily meet India's growing demand for natural gas for decades to come, and Canada's natural gas resource estimates will undoubtedly increase as we discover more shale gas and offshore resources.

Just as Canada is poised to become a major liquefied natural gas exporter, India is experiencing Asia's fastest growth in liquefied natural gas (or LNG) imports, with demand increasing by 37.4% in 2011 over 2010.⁶

⁵ Nickels Daily Oil Bulletin, March 13, 2010, Canadian Society of Unconventional Resources (CSUR) estimates Canada's marketable natural gas resources (including conventional and unconventional natural gas such as shale gas) at between 700 and 1,300 trillion cubic feet (Tcf).

⁶ Source: India profile

There is growing interest among Indian investors in LNG exports from Atlantic Canada. After all, shipping distances from Atlantic Canada to India's west coast are shorter than from the US or Canada's West Coast – reducing costs.

One option could see exports of up to 10 million tonnes per year from Goldboro, Nova Scotia. Another could include reversing the existing Canaport LNG import facility in New Brunswick to enable overseas shipments.

Five other projects are planned for Canada's Pacific coast, which together propose to ship the equivalent of over ten billion cubic feet per day, or a total of approximately 75 million tonnes of LNG annually.⁷ Our government has already issued three long-term natural gas export licences for proposed projects on our West Coast.

Increased investment

There is no better place in the world to invest than Canada. We seek increased Indian investment in our natural resources. More than just diplomacy and dialogue, we are taking concrete steps to ensure our country is a good place to do business.

Canada stands out among our global competitors for reducing barriers to trade and investment at a time when some countries are adopting protectionist measures. Our government is lowering taxes, cutting red tape and promoting free trade.

Thanks to these efforts, Canada is the only G7 country to have recouped all of the jobs lost during the last recession. In fact, we added almost 900,000 net new jobs since July 2009.⁸

Canada's conservative economic management and solid economic performance have not gone unnoticed. Both the Organization for Economic Cooperation Development and the

⁷ from: PRB - LNG Projects table

⁸ Finance Canada

International Monetary Fund expect Canada to be among the leaders in economic growth in the industrialized world over the next two years.

To support this last objective, Minister Oliver recently announced that the Harper Government is contributing \$15 million for a new International Policy Program here at the University of Calgary. The Program will help develop policies to increase Canada's competitiveness in global markets, promote sustained growth and create a sound base for economic development.

RRD

We have also introduced a sweeping new approach to how we regulate resource development. We call it Responsible Resource Development, or RRD. This plan makes project reviews more predictable and timely, with fixed end dates for key steps in the process.

Strengthening environmental protection is another critical objective. As a part of RRD, our government has created tough new safety and environmental protection measures, including increased annual inspections of oil and gas pipelines to identify problems before they occur, as well as new financial penalties to strengthen compliance.

A number of marine safety measures have also been announced, including the implementation of eight tanker safety measures, the introduction of the Safeguarding Canada's Seas and Skies Act and the creation of a Tanker Safety Expert Panel as part of the Government's plan to create a World-Class Tanker Safety System.

Make no mistake. Our commitment to environmental protection is sincere. More than mere rhetoric, we are producing measurable results. Between 2005 and 2011, while Canada's economy grew by 8.4%, our greenhouse gas emissions declined by 4.8%.⁹

⁹ National Inventory Report, Environment Canada

Responsible Resource Development also advances measures for meaningful consultation with Aboriginal groups, who often have a direct interest in resource development opportunities and must have a voice in decisions related to this development.

Conclusion

Clearly, the conditions exist – and the timing couldn't be better – to increase Canada-India collaboration in energy. Our government is committed to capitalizing on this once-in-a-generation opportunity to forge even stronger business ties, built on our longstanding relationship as Commonwealth partners.

Ultimately, the friendships formed and business partnerships fostered through meetings such as this are at the heart of our bilateral trade success. With organizations like the Canada-India Business Council leading this process, I have every confidence that increased trade between India and Canada will enrich us all in the years to come.

I wish everyone here every success as we work together to pursue this ambitious agenda.

Thank you.