



WASHINGTON, D.C.

TRADE MISSION 2008



**ALBERTA:
A FRONTIER OF
ENERGY, KNOWLEDGE
AND PROMISE**



WASHINGTON, D.C.

TRADE MISSION 2008

Introduction

Energy has been the driving force in Alberta's record economic growth over the last decade. That growth has brought both tremendous opportunities and challenges for all Albertans. Finding ways to properly manage the growth that has thrust the province into the geopolitical spotlight as a global leader in energy production in the coming decade will be the key factor in Alberta's ability to become a premier business location – not just for energy development – but across a wide range of economic sectors.

The Alberta Enterprise Group (AEG) is planning to meet that challenge by bringing together the province's key business leaders from every sector of the economy – from accounting to transportation, healthcare to software and everything in between – to build that bridge to the next phase of Alberta's economic development; one that guarantees economic diversity and expanded opportunities to all its citizens.

In pursuing growth and innovation, Alberta enjoys the natural entrepreneurial advantage of a strong frontier spirit. The attributes of the frontiersman and the entrepreneur intersect widely: independent thinking, courage of conviction, willingness to take risks, and trust in one's ability to adapt to often difficult and rapidly-changing conditions. Alberta also enjoys longstanding economic and geopolitical stability, a substantial comparative advantage over many of its rivals in the energy market.

Adapting to changing conditions is a prerequisite to maintaining economic growth in the era of the 21st century's integrated global economy. Alberta's business and government leaders realize that in order to absorb and build on the economic growth of the last decade the province must develop multiple sources of business and government revenue.

Alberta has positioned itself well as a leader in the energy arena. Alberta's world class reserve base, unparalleled technical capabilities, ready access to capital and physical locale next to the world's largest oil consumer make it the premier energy business address.

But Albertans aren't resting on their energy success.

Already known as an energy capital, Alberta is also a world renowned, year round tourist destination. Other areas of Alberta's economy are fast developing their own international reputation for excellence too including: banking/capital markets, telecommunications, computer sciences and healthcare research. Learning from the lessons of previous boom years in natural resources development, Alberta's business leaders are taking the prudent approach of harnessing today's economic growth and developing many different industries throughout the province that will provide a good way of life for their citizens regardless of what the commodities markets may bring.

That economic growth has presented difficult challenges for both government and business leaders on issues ranging from finding qualified workers to deliver Alberta's energy resources to market, environmental concerns regarding the production and upgrading of bitumen from Alberta's oil sands and managing demands on the provincial infrastructure that this rapid industrial expansion has necessitated. As well, it has pointed out the necessity to balance the financial interests of government in the taxation and royalty arena to ensure that the province is able both to provide necessary services to its people and maintain Alberta's status as one of the most attractive jurisdictions in the world for energy companies to do business.

Harnessing the independent spirit that has built Alberta into the economic success story of Canada – and indeed North America – to turn words into action and build a better future for the next generation both at home and for our trading partners is a challenge that AEG's members welcome.



WASHINGTON, D.C.

TRADE MISSION 2008

On January 25, 1848, according to the diary of one Henry Bigler, a man named James Marshall caught sight of some shiny flakes.¹ Marshall's sharp eyes would change the lives of untold numbers of people and begin the development of California from a quiet outpost to the most populous and richest state in the U.S.

James worked for John Sutter in his mill, and his discovery began the California gold rush. The point is that a large percentage of the amazing things that now comprise the history of California began with the discovery of a highly valuable natural resource that was present in abundance.

Several years ago, the United States Energy Information Administration (EIA) re-classified 175 billion barrels of oil sands reserves in Alberta, Canada as recoverable with existing technology. While still in its early stages, and proceeding in a somewhat more orderly fashion, a similar phenomenon is unfolding in the province that lies north of Washington, Idaho and Montana. Forward-looking individuals and institutions have already begun to capitalize on the wealth and opportunity that attend a windfall bounty provided by Mother Nature.

Alberta is positioning itself well to make the most of its geologic good fortune. Consider that the jurisdiction lays claim to:

- A low overall tax regime;
- No Provincial sales tax (the only province in Canada without one);
- Well-established educational, research and development infrastructure;
- A fiscally responsible government with no debt;
- Political and financial stability (the only Canadian province with a AAA credit rating);
- A highly skilled and productive workforce;
- A great quality of life and Canada's highest average household income;
- Research and development spending among the highest per capita in Canada.

Many farsighted investors have already made handsome profits – and have excellent prospects for making more – by investing in the Alberta oil sands. However, important decision-makers in the province are not content to coast on the profits of the past. They are working both hard and smart to ensure that the Alberta economic boom is one of generational metrics. The aggressive development of Alberta's knowledge-based economy is proceeding in fields as diverse as medical equipment, pharmacology and nanotechnology, enhanced oil recovery and transportation.

Moreover, investments are being made across the province in transportation infrastructure, research facilities, and educational systems that seek to ensure the long-term leveraging of the attention and resources that attend energy industry leadership. In very many ways, Alberta is a place poised to assume leadership in the global 21st-century marketplace: a frontier of energy, knowledge, and promise.

¹ http://en.wikipedia.org/wiki/Sutter's_Mill



WASHINGTON, D.C.

TRADE MISSION 2008

Ready to Innovate

Thomas Edison said that invention – a subject on which he was expert – is ten percent inspiration, 90 percent perspiration. A similar observation would apply to invention’s cousin: innovation. The environment that surrounds a potential innovator can strongly contribute to – or impede – the processes of discovery, invention, and innovation.

In Alberta, government and private sector leaders are serious about creating and maintaining an optimal environment for innovation and growth to proceed. Examples of the commitment to innovation abound, running across diverse disciplines:

- In the energy arena, the province is home to the most advanced, successful and economic enhanced recovery techniques for producing oil affordably from structures dismissed as unrecoverable only a few years ago;
- In computing, an Alberta researcher is improving virtual reality technology that allows people from around the globe to interact as though they are all in the same laboratory;
- An Alberta biotechnology firm recently announced a breakthrough that could lead to a far less expensive technique for producing insulin from safflower plants;
- A Professor at the University of Alberta has developed one of the world’s first commercial applications of nanotechnology: bandages coated with silver nanoparticles with anti-microbial and anti-inflammatory properties that help speed healing and can save both lives and limbs.

These and other Alberta business and academic leaders are changing their fields, ushering in advances that will profoundly impact many lives in the very near future. And in these endeavors, they have the support and cooperation of government, striving to ensure that the business and cultural environment that ensures such innovation is maintained and expanded.



WASHINGTON, D.C. TRADE MISSION 2008

Blazing Trails and Paving Ways

Per capita, the Alberta government's expenditures on research and development are among the highest in Canada. They have contributed to the imminent construction of the Port of Alberta: an "inland port" serving as a multi-modal transportation hub. Its key advantage is in combining a range of transportation modes in one location with direct access links to West Coast ports at Vancouver and the new deep-water port of Prince Rupert, British Columbia.

As the closest port to Asia by up to 58 hours of sailing time compared to any other West Coast port in North America, the Port of Prince Rupert gives shippers approximately one extra round-trip voyage per year. Prince Rupert has the deepest harbor in North America is suited to accommodate the post-Panamax class of container Megaships China is building. Prince Rupert can make the following claims²:

- Year-round service - ice-free harbor and no congestion;
- Closest port to open ocean - minimizes pilotage time in Canadian waters and reduces costs;
- Two modern bulk handling terminals, for handling grain, coal, sulphur and iron ore;
- High-capacity state of the art container terminal operated by New Jersey's Maher Terminals;
- Connected to the North American continent by CN rail, serving 17 intermodal terminals across Canada and the U.S. Midwest.

In addition, the Edmonton International Airport is pursuing an aggressive expansion program designed to "allow us to function effectively as a gateway to and from Asia, Canada's North, the oil sands, and for all of North America. It's a new strategic link in the global supply chain."³

The result is new efficiency, reduced waiting times and direct customer links to the global market, and particularly the dynamic economies of China, India, Japan and South Korea. And these infrastructural improvements are in addition to aggressive road, rail and pipeline construction efforts mounted by both the provincial and federal governments.



² http://www.leduc-nisku.ab.ca/newsletter_detail.asp?aid=461

³ Glen Vanstone, Director of Cargo and Business Innovations for Edmonton Airports, available online at http://corporate.edmontonairports.com/business_at_the_airport/port_alberta



WASHINGTON, D.C.
TRADE MISSION 2008

Strength Through Diversification

Returning to the Sutter’s Mill analogy, a wag once observed that the surest way to get rich during a gold rush was to go into business selling shovels. While that would suggest the sure path to success in Alberta would be in the oil services sector, the reality is that some very smart and committed people in the province are working to extend that logic to arenas less obviously connected to the production of oil. And the capital attracted by the oil industry does afford many opportunities in a variety of industries.

Leaders throughout Alberta are not content to enjoy the economic boom that oil development has wrought; they are intent upon using both the riches and the enhanced world profile of that boom to finance and inspire a wider, deeper, and more sustainable economic boom that will build for generations. For Alberta, the oil sands are to become the beginning of something that not only makes a few wealthy, but that brings prosperity and opportunity to many for generations to come.

Already known as an energy capital, Alberta is also a world renowned, year round tourist destination. Other areas of Alberta’s economy are fast developing their own international reputation for excellence including: banking/capital markets, telecommunications, computer sciences and healthcare research. Learning from the lessons of previous boom years in natural resources development, Alberta’s business leaders are taking the prudent approach of harnessing today’s economic growth and developing many different industries throughout the province that will provide a good way of life for their citizens regardless of what the commodities markets may bring.

Harnessing the independent spirit that has built Alberta into the economic success story of Canada – and indeed North America – to turn words into action and build a better future for the next generation both at home and for our trading partners is a challenge that AEG’s members welcome.



WASHINGTON, D.C. TRADE MISSION 2008

The Asian Challenge

The longstanding and extremely symbiotic trade relationship with the U.S. is a highly valued and critical component of Alberta's (and Canada's) future plans and goals. But key figures in Alberta also see tremendous potential for the province in establishing itself as a key destination and transshipment point for trade between North America and the rapidly growing Asian economies of China, India and South Korea. In the words of Alberta Premier Ed Stelmach:

"In 2006, Alberta exported more than \$80 billion worth of commodities and value-added products. Exports to Asia have increased by more than 50 per cent over the last five years. And given the distance to major markets, Alberta shippers rely heavily on efficient transportation links to remain competitive. . . So our government sees the Port of Prince Rupert as offering a new and extremely effective route for container traffic — especially to Asian ports. Prince Rupert offers a huge advantage, like sailing times to Asia that are one-and-a-half days shorter than from Vancouver, and about three days shorter than from Los Angeles. With the expansion of the Port of Prince Rupert, we can establish Alberta as an important inland terminal and distribution hub. . . And Alberta could serve as an essential link in a supply chain that would be efficient and reliable."

Business of the 21st century will proceed in an environment forever altered by the reality of the global supply chain. Alberta is well-positioned as a trade conduit between North America and Asia. Geography, geology and geopolitics all come together in Alberta to present opportunities across a wide spectrum of business activity. Importantly, business and government leaders across the province are aware of this confluence of good fortunes, and prepared to capitalize upon them. They and AEG look forward to turning the potential that they confer into reality.