

Intelligence MEMOS



From: Peter MacKay
To: Prime Minister Justin Trudeau
Date: August 13, 2018
Re: RE-ENERGIZING ENERGY EAST

Lost in the summer haze of the sweltering heat, is one of the largest nation-building job opportunity seen in a generation. The aborted Energy East pipeline project would have been a massive game changer, not just for the Atlantic provinces, but for the entire country.

It would have vaulted us into being a modern pan-Canadian energy independent nation, and kickstarted an increasingly sluggish economy. Unfortunately, TransCanada Corp. abandoned the project in the face of new federal regulations and the collapse in the price of oil. The ongoing challenges we face over exports, foreign investment, trade, immigration and productivity generally require a new approach. That includes revisiting the multi-billion dollar TransCanada Energy East project.

Canadians know our energy industry has always been a key economic driver for prosperity, and a huge job producer. For decades many Atlantic Canadians and others have packed up their duffel bags and headed down the road for work “out West”. The eastern worker migration also answered the need for labor to keep the pestern energy sector and economy thriving, which benefits the whole nation. Prosperity is a predicated on having hands to turn the wheels of industry.

The energy sector is unique in its provision of good-paying jobs and massive revenue returns for all, including government coffers. But it is landlocked and lacks the infrastructure to get the energy product to market. Some political capital will have to be spent for this to be accomplished.

Yet, as one says, the water on the beans has changed. Within the last few weeks President Trump has significantly upped the ante on the anti-Canada rhetoric and acted on his trade tariffs which hammer our economy. And we have witnessed the vulnerability of being reliant on countries like Saudi Arabia for oil supply and the whims of a royal prince.

One way to counter beyond retaliatory tariffs is to address pressing infrastructure needs: pipelines to move our energy. Just as after Confederation, in part due to fear of US aggression, we needed a railway to move people and products to boost our national interests. It was critical to the unity of our country then as now

Energy East comes with numerous benefits: It's shovel ready. Much of the route exists and could quickly create thousands of jobs. (Don't we have an infrastructure bank looking for big projects like this?) It could safely move 1.1 million barrels a day from Alberta and Saskatchewan to the refinery in Saint John. Removing that oil from the rail lines also reduces the chance of another Lac Mégantic disaster. It lessens western alienation and helps unleash untapped potential and economic growth in the east, a tie that binds.

The good news is: there is still time and oil prices have rebounded. With a concentrated effort the government can revisit and revive Energy East with the owners of TransCanada. Circumstances have changed, as has the mayor of Montreal and other impediments. A change of heart and a change of mind on subjects of national importance are healthy in some cases. All Canadians would benefit enormously: a Canadian company and industrious Canadians can build it and we can realize the untapped potential of a truly national project that unites Canada, fosters pride, produces jobs and contributes mightily to the world. Just as the national railway dream worked for Canada 150 years ago, Energy East is a nation building project that can help secure Canada's economic future and energy independence.

What are we waiting for?

Peter MacKay held several cabinet posts in the previous government, and is a partner at Baker McKenzie where, among other matters, he provides strategic advice to Canadian and international companies.

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