Strategic Objectives and Key Messages

Strategic Objectives:

- To deliver speeches at the Chicago Council of Global Affairs and IHS CERAWeek 2013 advancing Canada's interests with respect to U.S. energy market access.

- To showcase Canada's record of sound environmental stewardship, climate change achievements and commitments in general.

- To highlight the strong environmental performance of the oil sands industry and the economic benefits to the U.S. of Canadian oil sands development.

- To highlight the environmental, economic, energy security benefits of increasing Canadian oil imports.

Key Messages:

Energy and the Environment

- Canada is making progress reducing its GHG emissions. Since 2005, our economy has grown while Canada's GHG emissions declined.

- Per capita GHG emissions in 2010 were at their lowest level since tracking began in 1990.

- Canada has committed to the same economy-wide 17 percent reduction by 2020 as the United States.

- Coal is the largest source of GHG emissions in the world, and Canada is the only country in the world with regulations to phase-out traditional coal-fired electricity. Approximately 75 percent of Canada's power generation system is already non-emitting, and we aim to do better.

- Like the U.S., Canada is also regulating GHG emissions for passenger vehicles, light trucks, and heavy vehicles and the coal-fired electricity sector.

- Canada and the U.S. are also actively pursuing efforts to improve energy efficiency across all sectors of the economy. Specifically, the second phase of the Canada-U.S. Clean Energy Dialogue will include a new focus on energy efficiency to align and share information and tools on energy management, benchmarking for buildings, and other areas.

- In particular, we are cooperating to:
    - Strengthen the ENERGY STAR program to recognize the market leading most efficient equipment and appliances;
    - Adapt the US Portfolio Manager Building Benchmarking Tool that will allow building managers to assess their energy performance relative to comparable buildings;
    - Accelerate the adoption by industry of the ISO 50001 Energy Management System, including a pilot certification for a company operating on both sides of the border;
    - Facilitate the deployment of natural gas medium and heavy duty freight vehicles to ensure cross-border alignment of technical standards.

- In addition to collaborating on energy efficiency, Canada and the U.S. have a long history of collaboration on environmental issues.

- For example, Canada-U.S. collaboration has led to an enhanced and renewed Great Lakes Water Quality Agreement adding new provisions to address issues like aquatic invasive species, habitat degradation, and the effects of climate change.

Oil Sands and the Environment

- Unlike some oil-producing nations, Canada is a strong, stable democracy where the free market is respected, the rule of law prevails and there is a long and well-demonstrated commitment to environmental responsibility - and that includes in the oil sands.

- The oil sands may be the most rigorously regulated and monitored industrial sector in the world - regulations and monitoring are driving

innovation - innovation that has achieved a drop of 26 percent in GHG emissions per barrel between 1990 and 2010.

- The Government of Canada and the Government of Alberta have also taken a major step forward in their partnership to improve environmental monitoring in the oil sands region. The Joint Canada-Alberta Implementation Plan for Oil Sands Monitoring will provide scientifically rigorous data that is needed to ensure the resource is developed in an environmentally sustainable way.

- Total GHG emissions from the oil sands represent 0.1 percent of global emissions, similar to emissions from coal plants in Wisconsin.

- As mentioned in a recent editorial published by the highly respected environmental science journal *Nature*, oil produced from the Canadian oil sands is not as 'dirty' from a climate perspective as many believe. Some of the oil produced in California, which does not receive attention from environmentalists, is worse. As a result, the article states that the Administration should "face down critics of the project, ensure that environmental standards are met and then approve it.[1]

- Federal regulations aimed at reducing GHG emissions from the oil and gas sector are under development. When they are place, Canada is one of the very few major oil producers in the world with a transparent environmental monitoring regime and regulations demanding strong environmental performance.

- Canada is the largest supplier of heavy oil to the U.S., and will soon be one of the few countries in the world with stringent oil and gas GHG regulations. In contrast, other suppliers to the U.S. are doing little or nothing to manage GHG emissions.

Energy Supply and Demand

- Canada has the third largest oil reserves - about 173 billion barrels, with 169 billion barrels in the oil sands. With technology innovation,

[1] *Nature* (January 29, 2013). "Change for Good."

this could be almost double to 315 billion barrels, giving Canada the largest oil reserves in the world.

- Our recoverable resources of natural gas are currently estimated at up to 1,300 trillion cubic feet. As new shale deposits are discovered and quantified, as offshore exploration continues, that number is expected to grow significantly.

- This is more oil and gas than a country of 35 million people could ever conceivably consume.

- The U.S. too is greatly expanding its oil and gas production, while simultaneously reducing its demand through improved energy efficiency.

- In the meantime, the International Energy Agency (IEA) projects global energy demand will increase by more than one-third by 2035. Significantly, the IEA also projects that, 25 years from now - even under the most optimistic scenario for the development of alternatives - the world will still rely on fossil fuels for 63 percent of its energy needs.

- The bulk of the growth in demand will be in non-traditional markets, driven in large part by the emerging middle class in countries such as China, India, and others.

- Canada intends to compete in these new markets, and compete aggressively. The first of five LNG export terminals proposed for our West Coast could be in operation within two years. Two pipelines have been proposed to move crude from the oil sands to the West Coast for export to markets in the Asia-Pacific region.

Canada-U.S. Energy Relationship

- Canada and the U.S. have the closest and most important bilateral energy relationship in the world. Electricity flows north and south through a tightly interconnected grid. Oil and gas pipelines connect

both countries to provide the most efficient links between energy resources and energy markets.

- At present, 99 percent of Canada's crude oil exports and 100 percent of our natural gas exports go to the United States.

- The U.S. imports more oil from Canada than from any other single source - more than it gets from Saudi Arabia and Venezuela combined. Similarly, with natural gas - 90 percent of the natural gas imported by the U.S. comes from Canada.

- Like the rest of the global energy marketplace, this relationship is also changing. Along with the rapid development of its own shale gas resources, the U.S. is projected to be the world's largest producer of oil as early as the end of this decade.

- As production rises and demand falls, U.S. dependence on imported oil is expected to decline significantly from rates of 9.5 mb/d in 2011, but remain significant.[2]

- While consumption is expected to decline by more than a quarter over the next 25 years, this trend will be accompanied by a peak in U.S. production.

- The IEA projects that in 2020, even as the world's largest producer, domestic oil production in the U.S. will be at least 5.5. million barrels per day short of projected demand of 16.6 million barrels per day.[3] In 2035, the U.S. will still rely on imports for at least 3.4 million barrels

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[2] IEA World Energy Outlook 2012

[3] IEA World Energy Outlook, by 2020, with rising tight oil production, the U.S. is expected to overtake Saudi Arabia and become the world's largest oil producer. However, the U.S. will not be self-sufficient in oil. By 2020, under the IEA's New Policy Scenario, U.S. oil production is projected at 11.1 million barrels per day (mb/d), and U.S. oil demand is projected at 16.6 mb/d.

per day.[4,5] (The U.S. Energy Information Administration projects this figure to be even greater at 7.4 mb/d by 2035). [6]

- While it is up to the U.S. to choose how it will meet its long-term need for imported oil, by any objective analysis, the most responsible choice is Canada.

- In this outlook of declining imports, infrastructure investments like the Keystone XL pipeline present the U.S. with a historic opportunity to achieve true energy security. By bringing more Canadian oil supply into the U.S. market, the U.S. could eliminate its dependence on oil imports from overseas countries, [redacted] s.21(1)(a) s.21(1)(b)

Keystone XL Pipeline

- The Keystone XL pipeline would deliver more than oil to the U.S. - the pipeline will also deliver substantial new investment; new, high-quality jobs; long-term energy security; and new transport capacity to serve U.S. crude producers - at least 20 percent of the crude carried by Keystone XL would be American.

- Building the Keystone XL pipeline would create an estimated 20,000 jobs in the U.S. - 13,000 in construction and another 7,000 in manufacturing. The pipeline would stimulate approximately $20 billion in new spending in the U.S. economy.[7]

- Over the next 25 years, planned growth in oil sands production and infrastructure such as the Keystone XL pipeline is expected to support more than 170,000 jobs annually and add more than $382 billion to U.S. GDP.[8]

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[4] IEA World Energy Outlook, U.S. oil consumption is expected to decline from 17.6 mb/d in 2011 to 12.6 mb/d in 2035.
[5] IEA's World Energy Outlook, U.S. oil imports will decrease from 9.5 mb/d in 2011 to 3.4 mb/d in 2035.
[6] EIA's Early Release of the Annual Energy Outlook 2013
[7] TransCanada: http://www.transcanada.com/6059.html
[8] CERI *Part I – Linking Oil Sands Supply to New and Existing Markets*, Study #129, July 2012

- None of these U.S. benefits occur if the U.S. imports this oil from the Middle East or Venezuela, rather than from Canada via Keystone XL.

Canada-US Energy Relationship

KEY MESSAGES

- Energy is a cornerstone of the Canada-U.S. economic partnership. In 2011, Canada exported $119 billion in energy, with virtually all of it ($107 billion) going to the U.S.[1]
- Canada has been, is today, and will remain—even as U.S. production grows—the most important energy partner for the United States. Canada is a source of secure, reliable, environmentally responsible, and affordable energy imports.
- Similarly, the U.S. is Canada's most important energy market and will remain so, even as Canada strives to diversify markets for its energy exports.
- Canada is the single largest oil supplier to the U.S., exporting 2.2 million barrels of crude per day, more than Saudi Arabia and Venezuela combined.[2]
- In order for crude oil production to grow, the North American pipeline network must be expanded through initiatives, such as the Keystone XL Pipeline project.
- About 63% of the natural gas produced in Canada is exported to the U.S.[3]
- Canada is also a major importer of U.S. energy. For example, Canadian natural gas imports, which now stand at almost three billion cubic feet per day, have tripled since 2006.[4]
- Canada and the U.S. also share a common commitment to environmental responsibility through identical GHG reduction targets, the Clean Energy Dialogue, and aligned standards related to energy efficiency. Like the U.S., Canada will continue to demonstrate its commitment to open and transparent environmental regulations.
- Increased generation from Canadian hydro is a cost-effective means of curbing emissions from coal-fired generation in North America.

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[1] NRCan, Energy Markets Fact Book 2012-2013, pg 9.
[2] US Energy Information Administration website, "Petroleum and Other Liquids": http://www.eia.gov/dnav/pet/pet_move_impcus_a2_nus_epc0_im0_mbblpd_a.htm.
[3] NRCan, Energy Markets Fact Book 2012-2013, pg 41.
[4] National Energy Board website, "Commodity Statistics": http://www.neb-one.gc.ca/CommodityStatistics/GasStatistics.aspx?language=english.

Background Information

Canada-U.S. energy relations are critical to the economic well-being of both countries. Canada's exports of oil and natural gas to the U.S. have more than doubled since the North American Free Trade Agreement (NAFTA) came into effect in 1994. In 2011, the value of Canada's energy exports to the U.S. was about C$107 billion.[5]

Canada supplies the U.S. with more energy than any other country in the world. The most recent data indicate that Canada supplied the U.S. with:

- 25% of its crude oil imports (15% of U.S. refinery crude oil intake)[6];
- 90%[7] of its natural gas imports (13% of U.S. consumption)[8];
- 97%[9] of its electricity imports (about 1% of U.S. consumption)[10]; and
- 20% of the uranium purchased by U.S. nuclear plants.[11]

All of Canada's natural gas and electricity exports go to the U.S. and almost all of Canada's exports of crude and refined oil products go to the U.S. The most recent data indicates that over 70% of Canada's crude oil production and 63% of Canada's natural gas production is exported to the U.S.[12,13]

In 2011, Canada imported $55 billion of energy products, of which about $18 billion (33%) was from the U.S.[14] Canadian natural gas imports, which now stand at almost 3 billion cubic feet per day, have tripled since 2006.[15] With the exception of very small amounts of liquefied natural gas (LNG) imports, Canada purchases most of its gas from the U.S. Low cost natural gas from U.S. shale basins is increasingly supplying Eastern Canadian markets.

Like natural gas, there is significant two-way trade in electricity as Canada (particularly Ontario) is dependent on the U.S. for electricity at some times of the year (mainly summer).

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[5] NRCan, Energy Markets Fact Book 2012-2013, pg 9.
[6] Ibid, page 21.
[7] Energy Information Administration, US Natural Gas Imports By Country: http://www.eia.gov/dnav/ng/ng_move_impc_s1_a.htm
[8] NRCan, Energy Markets Fact Book 2012-2013, pg 41.
[9] Energy Information Administration, Electrical Power Annual 2010 Data Tables: www.eia.gov/electricity/annual/html/table6.3.cfm.
[10] NRCan, Energy Markets Fact Book 2012-2013, page 78.
[11] Ibid, pg 57.
[12] Ibid, pg 21.
[13] Ibid, pg 41.
[14] Ibid, pg 9.
[15] National Energy Board website, "Commodity Statistics": http://www.neb-one.gc.ca/CommodityStatistics/GasStatistics.aspx?language=english.

The Canada-U.S. energy relationship also features highly integrated upstream and downstream supply chains. Similarly, Canada-U.S. oil and natural gas pipeline infrastructure is becoming increasingly interconnected. In December 2011, the National Energy Board approved the Bakken Pipeline Project in response to massive growth in oil production in the Bakken oil formation. The project is expected to come into service in early 2013 and provide a continuous source of supply to Eastern Canadian and U.S. Midwest markets.

To address energy issues of mutual interest, officials from Canada and the U.S. participate in several bilateral and multilateral mechanisms, which are described in the Annex.

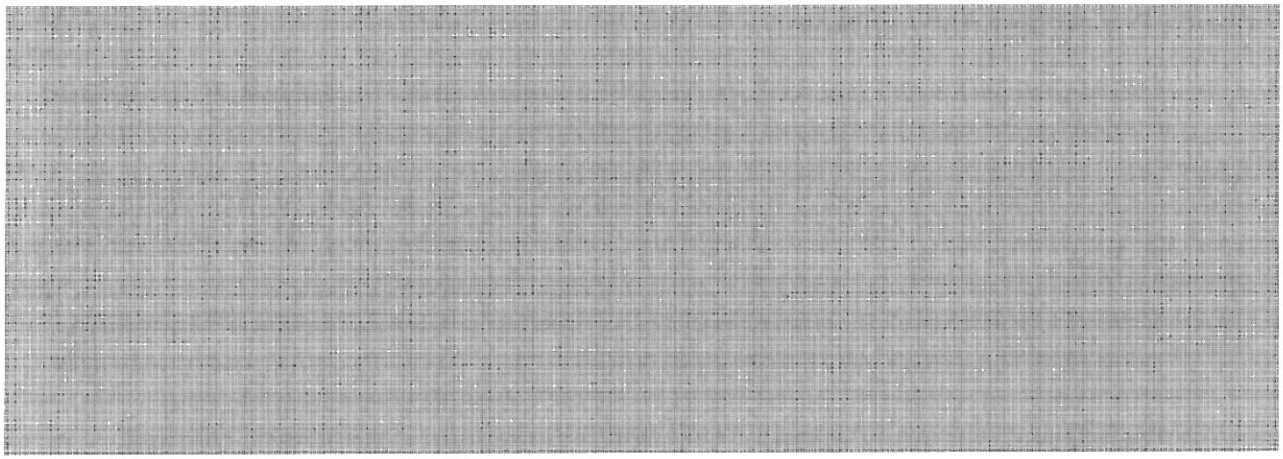
Considerations

The Canada-U.S. energy relationship is evolving. North American oil production is a key part of the world's growing oil supply. In order for crude oil production to grow, pipelines or other means to transport crude oil to markets and refineries must be in place. Canadian and U.S. crude oil pipeline capacity is already strained and unable to meet the demand of increasing oil production in some regions.

As western Canadian crude oil production has continued to grow, it has overwhelmed existing pipelines. Canadian crude has oversupplied the local western Canadian market, driving Canadian crude oil prices lower than the prices of similar crudes globally. Similarly, growing western Canadian and US crude production has oversupplied the Cushing, Oklahoma crude market, where West Texas Intermediate (WTI) crude oil prices are set. WTI is also steeply discounted compared to the prices of similar crudes globally. Further, Canadian crude oil production is still growing, and the future availability of Canadian petroleum currently exceeds Canadian refinery demand for crude. Therefore, Canada's primary objective in its bilateral relationship with the U.S. involves securing energy market access, in particular, through the approval of the Keystone XL Pipeline project.

Canada's efforts to secure approval of the Keystone XL pipeline are occurring during a resurgence of oil and natural gas production in the United States as well as forecasted decline in this country's demand for crude oil. According to the International Energy Agency's (IEA's) *World Energy Outlook 2012*, U.S. reliance on imported oil is projected to decrease from 50 percent of demand in 2011 to an estimated 30 percent in 2035. Although the IEA predicts that the U.S. will remain a net oil importer during the 2035 timeframe, Canadian oil exports will be competing for a smaller portion of U.S. import demand.

With regard to natural gas, Canadian exports to the U.S. increased significantly in the 1990s, but have started to decline in recent years. Surging shale gas production in the U.S. is reducing the need for imported natural gas. The abundant North American shale gas supply has also affected the economic
s.21(1)(b) viability of the proposed Mackenzie and Alaska arctic pipelines and is leading natural gas producers to explore LNG exports to Asian markets as well as new demand markets, such as the transportation sector.



U.S. Context:

As President Barack Obama begins his second term, there will be an opportunity for Canadian officials to revitalize the bilateral relationship with new counterparts in various U.S. departments and agencies. There will be new leadership in several key posts, including the Department of Energy, Department of State, and the Environmental Protection Agency.

With regard to the Keystone XL Pipeline, U.S. regulatory approval for the project is unlikely to be made before June 2013, as it is expected that the full amount of time will be taken by authorities in the U.S. to obtain additional public comments on the Environment Impact Statement and to consider whether the project is in the national interest. If a Presidential Permit is granted by that time, the project could be in service in late 2015 or early 2016.

Over the next few months, Canadian officials at NRCan, Environment Canada, the Department of Foreign Affairs will meet with U.S. officials to advance strategic objectives and address energy issues of mutual interest.

Annex - Canada-U.S. Energy Collaborative Arrangements

Clean Energy Dialogue

The CED was launched in February 2009 in order to enhance bilateral collaboration on the development of clean energy technologies aimed at reducing greenhouse gas emission and addressing climate change. An Action Plan, which identified twenty joint initiatives, was developed and implemented and two Reports to Leaders were completed. Accomplishments to date under the CED included, for example:

- Expanded work on the IEA Weyburn-Midale Carbon Capture and Storage Project was agreed to and Canada and the U.S. committed $5.2 million.
- Government and industry leaders discussed key policy issues raised by the transition to a smart electric grid at a Smart Grid Policy Leadership Forum.
- Canada and the U.S. partnered to expand the ENERGY STAR® labelling program for equipment and appliances, thus helping consumers identify the most energy-efficient ENERGY STAR® qualified products, and facilitating harmonization of the North American equipment market.

Phase II of the CED will place a greater emphasis on bilateral collaboration on energy efficiency, in order to take advantage of existing opportunities.

Energy Consultative Mechanism

Canada-U.S. energy issues are formally discussed by senior staff of the energy and foreign affairs departments of both countries through the bilateral Energy Consultative Mechanism (ECM). The ECM was established in 1979, and has been maintained in recent years as an annual day-long meeting once a year, alternating between Ottawa and Washington. The ECM is supplemented by periodic talks among experts on oil, natural gas, electricity and nuclear energy, as well as other regular contacts. The ECM also provides an opportunity for progress reports on our bilateral cooperation in energy efficiency and energy research and development, and for bilateral discussion of the international energy scene and cooperation in multilateral energy fora. The ECM is jointly chaired by the energy and foreign affairs departments, at the ADM (Assistant Secretary) level.

Energy and Climate Partnership of the Americas

Canada is an active participant in the Energy and Climate Partnership of the Americas (ECPA) and the Clean Energy Ministerial. In 2009 President Obama announced the ECPA to bring countries across the Western Hemisphere together to facilitate the acceleration of clean energy development and deployment, advance energy security and reduce poverty by sharing best practices, encouraging investment, and cooperating on technology research,

development and deployment. The U.S asked Canada to lead an ECPA initiative, the Heavy Oil Working Group. Meetings of this group took place last year in Edmonton and Bogota, and the most recent meeting held April 2012 in Mexico City.

Clean Energy Ministerial

U.S Energy Secretary Steven Chu also hosted the first Clean Energy Ministerial in Washington in July 2010 to promote further collaboration and accelerate the world's transition to clean energy technologies. Canada is currently actively engaged in four initiatives that were launched at the Clean Energy Ministerial in the areas of Smart Grid, Carbon Capture and Storage and Energy Efficiency.

Strategic Objectives and Key Messages

Strategic Objectives:

- To deliver a speech at the Bloomberg New Energy Finance Summit to advance Canada's interests with respect to U.S. energy market access.
- To showcase Canada's record of sound environmental stewardship, climate change achievements and commitments in general.
- To reaffirm the benefits of an integrated Canada-U.S. energy market.
- To meet with key stakeholders, including senior officials from private equity firms to promote investment in Canada's natural resources sector.

Key Messages:

Energy and the Environment

- Canada has committed to the same economy-wide 17 percent reduction by 2020 as the United States.
- Coal is the largest source of GHG emissions globally, and Canada is the only country in the world with regulations to phase-out traditional coal-fired electricity. Approximately 77 percent of Canada's power generation system is already non-emitting, and we aim to do better.
- Like the U.S., Canada is regulating GHG emissions for passenger vehicles, light trucks, and heavy vehicles and the coal-fired electricity sector.
- Canada and the U.S. are also actively pursuing efforts to improve energy efficiency across all sectors of the economy. In particular, we are cooperating to:
    - Strengthen the ENERGY STAR program to recognize the market leading most efficient equipment and appliances;

STRATEGIC OBJECTIVES AND KEY MESSAGES

The Honourable Joe Oliver, Minister of Natural Resources
Mission to Washington, D.C., April 24 – 25th, 2013

STRATEGIC OBJECTIVES

- To deliver a speech at the Center for Strategic and International Studies to advance Canada's interests with respect to U.S. energy market access.

- To meet with key members of the Obama Administration, including the new Secretary of the Interior, and key White House and State Department officials to discuss possibilities for strengthening Canada-U.S. energy and environment collaboration among other issues.

s.21(1)(a) s.21(1)(b)

- To meet with key Senators (and one Representative) [redacted] also includes meetings with Senator Murkowski and Representative Upton (both who are pro-KXL).

- To showcase Canada's record of sound environmental stewardship, climate change achievements and commitments.

- To highlight the strong environmental performance of the oil sands industry and the economic benefits to the U.S. of Canadian oil sands development.

- To highlight the environmental, economic, and energy security benefits of increasing Canadian oil imports.

Key Messages:

Canada-U.S. Energy Relationship

- Canada and the U.S. have the closest and most important bilateral energy relationship in the world. Electricity flows north and south through a tightly interconnected grid. Oil and gas pipelines connect both countries to provide the most efficient links between energy resources and energy markets.

- At present, 99 percent of Canada's crude oil exports and 100 percent of our natural gas exports go to the United States.

- The U.S. imports more oil from Canada than from any other single source - more than it gets from Saudi Arabia and Venezuela combined. Similarly, 94 percent of the natural gas imported by the U.S. comes from Canada.

- Like the rest of the global energy marketplace, this relationship is also changing and there are numerous potential areas for deepened bilateral collaboration, such as developing safe and modern energy infrastructure, ensuring the responsible development of unconventional oil and gas as well as enhancing energy efficiency and facilitating technological breakthroughs.

- Along with the rapid development of its own shale gas resources, the U.S. is projected to be the world's largest producer of oil as early as the end of this decade.

- As production rises and demand falls, U.S. dependence on imported oil is expected to decline significantly from rates of 9.5 mb/d in 2011, but imports will remain an important part of that supply.[1]

- While consumption is expected to decline by more than a quarter over the next 25 years, this trend will be accompanied by a peak in U.S. production.

- The IEA projects that in 2020, even as the world's largest producer, domestic oil production in the U.S. will be at least 5.5. million barrels per day, falling far short of projected demand of 16.6 million barrels per day.[2] In 2035, the U.S. will still rely on imports for at least 3.4 million barrels per day.[3,4] (The U.S. Energy Information Administration projects this figure to be even greater at 7.4 mb/d by 2035). [5]

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[1] IEA World Energy Outlook 2012
[2] IEA World Energy Outlook, by 2020, with rising tight oil production, the U.S. is expected to overtake Saudi Arabia and become the world's largest oil producer. However, the U.S. will not be self-sufficient in oil. By 2020, under the IEA's New Policy Scenario, U.S. oil production is projected at 11.1 million barrels per day (mb/d), and U.S. oil demand is projected at 16.6 mb/d.
[3] IEA World Energy Outlook, U.S. oil consumption is expected to decline from 17.6 mb/d in 2011 to 12.6 mb/d in 2035.
[4] IEA's World Energy Outlook, U.S. oil imports will decrease from 9.5 mb/d in 2011 to 3.4 mb/d in 2035.
[5] EIA's Early Release of the Annual Energy Outlook 2013

- While it is up to the U.S. to choose how it will meet its long-term need for imported oil, by any objective analysis, the most responsible choice is Canada.

- In this outlook of declining imports, infrastructure investments like the Keystone XL pipeline present the U.S. with a historic opportunity to achieve true energy security. An increase of Canadian imports into the U.S. market could eliminate its dependence on oil imports from overseas countries, [redacted]

s.21(1)(a)
s.21(1)(b)

Energy Supply and Demand

- Canada has the third largest oil reserves - about 173 billion barrels, with 169 billion barrels in the oil sands. With technology innovation, this could almost double to 315 billion barrels, giving Canada the largest oil reserves in the world.

- Our recoverable resources of natural gas are currently estimated at up to 1,300 trillion cubic feet. As new shale deposits are discovered and quantified, and as offshore exploration continues, that number is expected to grow significantly.

- The U.S. too is greatly expanding its oil and gas production, while simultaneously reducing its demand through improved energy efficiency.

- In the meantime, the International Energy Agency (IEA) projects global energy demand will increase by more than one-third by 2035. Significantly, the IEA also projects that, 25 years from now - even under the most optimistic scenario for the development of alternatives - the world will still rely on fossil fuels for 63 percent of its energy needs.

- The bulk of the growth in demand will be in emerging markets, driven in large part by the emerging middle class in countries such as China, India, and others.

- Canada intends to compete in these new markets, and compete aggressively. The first of five LNG export terminals proposed for our West Coast could be in operation within two years. Two pipelines have been proposed to move crude from the oil sands to the West Coast for export to markets in the Asia-Pacific region.

Keystone XL Pipeline

- Canada and the U.S. have within their reach, North American energy security and environmental responsibility, through an even more profound Canada-U.S. partnership.

- To achieve this goal, new energy infrastructure is required. However, critics of the Keystone XL pipeline project are distorting the facts both on Canada's environmental performance and the project itself.

- Oil sands crude carried through the Keystone XL pipeline would displace the offshore heavy crude with similar or even higher greenhouse gas profiles that is currently used by Gulf Coast refiners.

- The Keystone XL pipeline would not only advance North American energy security, but also meet rigorous environmental standards.

- As the recent State Department's Supplemental Environmental Impact Statement (SEIS) noted, the 57 special conditions being applied to Keystone XL "would result in a degree of safety over any other typically constructed domestic oil pipeline."

- The SEIS also concluded that "approval or denial of the proposed project is unlikely to have a substantial impact on the rate of development in the oil sands or on the amount of heavy crude oil in the Gulf Coast area."

- In addition, due to the integrated nature of the Canada-U.S. economies, more than 1,000 U.S. companies currently supply the oil sands (source: CAPP 2013, internal document).

- The SEIS also concluded that the Keystone XL pipeline would support some 42,100 jobs in the U.S.

- Infrastructure investments like the Keystone XL pipeline present the U.S. with a historic opportunity to achieve true energy security. By bringing more Canadian oil supply into the U.S. market, the U.S. could eliminate its dependence on oil imports from overseas countries, many of which have unstable or hostile regimes.

- None of these U.S. benefits occur if the U.S. imports this oil from the Middle East or Venezuela, rather than from Canada via Keystone XL.

Oil Sands and the Environment

- The Canadian oil and gas sector is subject to world-class environmental requirements.

- Oil sands projects are subject to extensive environmental and regulatory review before permits can be granted, and the Government is dedicated to ensuring that Aboriginal consultations are consistent, accountable, meaningful, and timely.

- Governments also require extensive environmental monitoring and reporting throughout the life of each project.

- For example, last year, the governments of Canada and Alberta announced the *Joint Canada-Alberta Implementation Plan for Oil Sands Monitoring*, which will provide high-quality, scientifically-rigorous data on water, air and biodiversity in Canada's oil sands region. This world-class, science-based program will make Canada's oil sands monitoring among the best in the world.

- Since 2012, 14 major Canadian oil sands companies have come together to form Canada's Oil Sands Innovation Alliance, an alliance focused on accelerating the pace of improvement in oil sands environmental performance.

- To date, member companies have shared 446 distinct technologies and innovations that cost over $700 million to develop.

- We are making significant progress on reducing the environmental impacts of oil sands development. For example, the GHG emissions intensity of oil sands production fell by 26% per barrel between 1990 and 2011.

- Federal regulations aimed at reducing GHG emissions from the oil and gas sector are under development. When they are in place, Canada will be one of the very few major oil producers in the world with a transparent environmental monitoring regime and regulations demanding strong environmental performance.

Energy and the Environment

- Canada is making progress in reducing its greenhouse gas (GHG) emissions. Since 2005, our economy has grown while Canada's GHG emissions have declined.

- Per capita GHG emissions in 2010 were at their lowest level since tracking began in 1990.

- Canada has committed to the same greenhouse gas emissions target as the United States – to reduce total emissions by 17%, from 2005 levels, by 2020.

- Coal is the largest source of GHG emissions in the world, and Canada is the only country in the world with regulations to phase-out traditional coal-fired electricity. Approximately 77 percent of Canada's power generation system is already non-emitting, and we aim to do better.

- Like the U.S., Canada is regulating GHG emissions for passenger vehicles, light trucks, and heavy vehicles and the coal-fired electricity sector.

- Canada and the U.S. are making efforts to improve energy efficiency across all sectors of the economy. The second phase of the Canada-U.S. Clean Energy Dialogue will include a new focus on energy efficiency to align and share information and tools on energy management, benchmarking for buildings, and other areas.

- For example, we are cooperating to strengthen the ENERGY STAR program to recognize the market leading most efficient equipment and appliances.

- In addition to collaborating on energy efficiency, Canada and the U.S. have a long history of collaboration on environmental issues.

- For example, Canada-U.S. collaboration has led to an enhanced and renewed Great Lakes Water Quality Agreement adding new provisions to address issues like aquatic invasive species, habitat degradation, and the effects of climate change.