

Final Report

Premier's Mission to Colorado and New York
June 10-17, 2005



Colorado, June 10-14

Overview

Premier Ralph Klein joined Western Canadian Premiers and Western Governors at the annual meeting of the Western Governors' Association (WGA) in Breckenridge, Colorado. The meeting was hosted by WGA Chair and Colorado Governor, Bill Owens.

The formal relationship between Western Premiers and Governors started in 1999. Their respective annual meetings provide an opportunity to discuss Canada-U.S. relations and raise awareness among Governors of Western Canada's issues and priorities.

The meeting had substantive results from Alberta's perspective, and allowed for the building and strengthening of relationships between the attending Premiers and Governors.

Mission Objectives

- Profile Alberta's key role as a safe, secure and reliable source of growing energy supply
- Raise awareness and commitment to achieving a greater role for states and provinces in the development of North America's energy future
- Advocate the reopening of the Canada-U.S. border to cattle trade

Results

June 13

The highlight of the day was a keynote address by US Agriculture Secretary Mike Johanns, who also participated in a plenary session on “The West and the Global Economy: Opportunities and Challenges.” In response to questions from Premier Klein concerning the negative effect of the BSE border closure on the U.S., Secretary Johanns revealed that an estimated 8,100 jobs had been lost in the U.S. beef-processing sector, with more plants closing in the near future. He went on to urge the reopening of the border, indicating that the rest of the world was watching how the U.S. was treating its number one trading partner on BSE, and that it was important to make it clear that “science, not politics” would prevail.

Premiers and Governors addressed the growing methamphetamine problem facing western states and Canadian provinces. Governors shared their respective states’ experiences, and Premiers updated Governors on their own discussions to combat the growing problem. Both Premiers and Governors agreed, through the WGA, to document and compare all jurisdictions’ initiatives to identify best practices for further discussion.

Premier Klein met one-on-one with Montana Governor Brian Schweitzer, reiterating Alberta’s goal of reopening the border to beef trade and for improved Alberta-Montana relations. The Governor discussed his state’s plans for a coal-to-fuels technology industry.

Premier Klein also met with Alaska Governor Frank Murkowski. They explored the importance of North American energy security and reaffirmed their joint commitment to the realization of the Alaska pipeline through continued dialogue with producers and respective federal governments.

June 14

Premier Klein, along with other Western Premiers, met with U.S. Secretary of Energy Samuel Bodman. Discussions included

- Alaska pipeline - Premier Klein stressed Alberta’s desire to see the pipeline realized and discussed opportunities for processing in Alberta
- Oil sands - Alberta encouraged U.S. investment and participation
- Clean coal technology - Opportunities for Alberta to partner with the U.S. administration’s Department of Energy.

Following the meeting, Secretary Bodman provided the keynote address at the WGA’s closing plenary session on “North American Energy Independence,” at which he referred to the value of closer cooperation with Western Canada in meeting the continent’s future energy challenges. Premier Klein used the occasion to highlight Alberta’s success in oil sands production and advised of Alberta’s interest in developing partnerships with the U.S. in the area of clean coal technology.

New York, June 15-17

Overview

Premier Ralph Klein visited New York City for Alberta's annual investment mission to the American financial capital. This year's program focused on marketing Alberta via targeted meetings with Wall Street investors, analysts and business media.

Highlights of Premier Klein's activities included

- meeting site selectors to showcase the advantages Alberta offers to new businesses
- headlining an Alberta film promotion
- promoting Alberta at a dinner with key New York business executives, hosted by Canadian Consul General Pamela Wallin
- attending an Alberta Day Centennial celebration and meetings at the New York Stock Exchange
- private meetings with potential investors in Alberta.

Premier Klein addressed issues identified by the investment community, including infrastructure, labour supply, alternate energy and the environment. As a result, Credit Suisse First Boston reported positively on its session with the Premier.

During these events and at meetings with the *Wall Street Journal*, *BusinessWeek* and *Forbes Magazine*, Premier Klein consistently emphasized Alberta's growing importance to the U.S. as a secure, reliable and significant source of energy. He also addressed misconceptions regarding the lingering Canada-U.S. BSE issue. He and Murray Smith, Alberta's representative in Washington, D.C., emphasized Alberta's interest in enhancing its growing energy hub and encouraging resource-based value-added development.

Results

June 15: JP Morgan Investment Roundtable

Over a lunch meeting with JP Morgan executives and a subsequent conference call with over 100 clients and investors, Premier Klein provided an upbeat assessment of the investment opportunities in Alberta, specifically with respect to the oil sands and the energy sector.

Key messages included

- Alberta is always open for business.
- Alberta leads all provinces and many U.S. jurisdictions in economic performance.
- The province offers a business-friendly environment: it has no debt, no sales tax, no payroll taxes and an educated labour force.
- Alberta has the world's second-largest proven crude oil reserves after Saudi Arabia.
- Approximately US\$80 billion of new investment is forecast for development within the next decade, most in the oil sands.
- Alberta can offer the U.S. secure access to energy.
- The U.S. Department of Energy now recognizes Alberta's 176 billion barrels of proven oil reserves.
- The ultimate potential of Alberta's oil sands is 311 billion barrels, assuming continued advances in technology and new investment.
- Canada is the world's third-largest supplier of natural gas, with Alberta accounting for 80 percent of Canadian production.
- The cost of producing a barrel of oil from the oil sands is between US\$9 and \$14, offering a very attractive investment opportunity given current oil prices in the \$50-plus range.
- Three key priorities for an Alberta integrated energy strategy
 1. Positioning Alberta in the North American energy complex and maximizing our ability to pursue opportunities for value-added growth.
 2. Maximizing the potential of the oil sands. We know that Alberta's oil sands are the second-largest deposit of proven reserves in the world. As technology improves, this resource may prove to be the largest oil reserves in the world. The oil sands are attracting world-wide attention, and investment from China, Europe, the U.S. and domestic sources. Maximizing potential of the oil sands is essential to Alberta's value-added strategy.
 3. Access to our energy resources. Balancing competing needs while maximizing opportunities for energy development will be an ongoing challenge.
- Alberta is making significant investments in infrastructure and has a strategy to attract workers from other jurisdictions.

June 16: Site Selector Roundtable

Calgary Economic Development hosted a panel of five leading site location and real-estate expansion/management firms that included presentations and a roundtable discussion.

Premier Klein updated Alberta's investment climate. He answered questions and had discussions related to incentives, key sectors for investment attraction and lifestyle/standard of living. Many of these participants had only a superficial knowledge of Alberta.

While Alberta is facing labour challenges associated with a booming economy and the related low level of unemployment, Premier Klein stressed it remains open to immigration and that proactive solutions are being developed for business. Key sectors for Alberta include energy and energy-related manufacturing, services and technology, agriculture, information and communication technologies and nanotechnology.

One participant indicated that Alberta had a tremendous story to tell. He encouraged Alberta to tell the story hand in hand with business, government, educational institutions and even workers to differentiate the Alberta story and deliver U.S.-style business messaging that will attract even greater attention.

June 16: Credit Suisse First Boston Luncheon

Premier Klein outlined Alberta investment opportunities, with emphasis on the energy sector. Questions related to business environment and infrastructure.

Questions, comments and feedback reflected a strong knowledge of Alberta investment opportunities. Discussion addressed the investor's need to be assured that government will serve a role facilitating and enhancing business development and the attractiveness of future investments.

Strong awareness of the role of technology and other factors external to the energy sector yet important to its future development was evident. Investors exhibited a sophisticated understanding of factors driving investment returns in Alberta's energy sector and energy-related investments.

June 16: Alberta Television Commercial Production Reception

Alberta Economic Development and the Alberta Film Commission organized a reception to promote Alberta as a location for television commercial production. Six Alberta production companies attended the event. Consul General Pamela Wallin and Premier Klein made welcoming remarks. The commission unveiled its promotional video for commercial production attraction.

Provincial film commissioners regularly include New York in television and movie promotions. However, this is the first time that a province has focused on television commercial production. Alberta is becoming a North American location of choice for television commercial production due to the diversity of its landscapes and sites, many of which, for example, are appealing to the major automobile manufacturers.

White Iron Digital, one of western Canada's most renowned production companies, announced that it was expanding to the U.S. on July 6, with an operation in Connecticut to serve U.S. clients including ABC and ESPN. Part of the production work (for sporting events such as Wimbledon and Sunday Night Football) will be done in Alberta.

June 16: Dinner at Consul General's Official Residence

Hosted by Consul General Wallin, guests represented Goldman Sachs, Merrill Lynch, Hess Energy Trading, KeySpan and Exis Capital Hedge Fund. The informal format afforded Premier Klein an opportunity to discuss a variety of issues, with the main focus on energy. The discussion included investment opportunities in oil sands, alternative energies being encouraged, the Kyoto Protocol, agricultural sector issues and Canadian domestic politics.

June 17: "Alberta Day" Centennial Celebration

This high-profile event, arranged and promoted by the Calgary Stampede, involved a program at the New York Stock Exchange (NYSE).

The NYSE was interested in profiling the 19 listed Alberta companies, attracting more Alberta listings and celebrating its longstanding relationship with Alberta. Building on last year's Calgary Stampede celebrations at the NYSE, "Alberta Day" started with the ringing of the opening bell by senior executives from six Alberta energy companies. A luncheon followed, attended by Alberta company representatives, local energy specialists and other business guests. The day culminated with a closing bell ceremony led by Premier Klein.

An outdoor afternoon entertainment program followed, simulcast on a Jumbotron erected on Broad Street with pre-Stampede celebrations in Calgary. The celebrations included live musical performances, native Canadian hoop-dancing and a parade of mounted horses flying the corporate flags of Alberta's 19 NYSE-listed companies.

This was a unique opportunity to partner with key Alberta business leaders and deliver the message that Alberta is always open for business and is a leader in creating an environment that encourages business success.

While serving as a promotional vehicle for tourism and the Calgary Stampede, the overriding theme was Alberta's energy potential and its growing importance to North American energy security. The Alberta-NYSE celebration drew considerable public and media attention.

Media

With the assistance of the Canadian Consulate, several meetings with the media were organized for Premier Klein. The primary purpose was to market Alberta, create greater awareness and clarity of Alberta's energy resources for American business publications. Interviews were arranged with *Wall Street Journal* energy reporter Kathryn Kranhold, *Forbes* energy reporter Jonathan Fahey; and with science and business editors at *BusinessWeek* (including a separate "Video View" online interview with Premier Klein¹).

These interviews provided another opportunity for Premier Klein to deliver Alberta's key energy and business messages while profiling Alberta as a business-friendly jurisdiction for investment.

The Premier represented the Canadian and Alberta positions on BSE in the *BusinessWeek* interview and advocated for an early re-opening of the Canada-U.S. border to all Canadian beef.

Premier Klein was interviewed by Pat Kiernan, anchor of New York City's number two-rated morning show and an ex-Albertan who has worked for CNN, reports for Report on Business TV and Calgary and Edmonton's CTV affiliates.

Suncor CEO Rick George joined the *Wall Street Journal* meeting and was interviewed separately on CNBC's *Squawk Box* where he discussed his company's operations and prospects for future oil sands development.

Official Delegation

- Ralph Klein, Premier
- Rod Love, Chief of Staff
- Marisa Etmanski, Communications Director

Supporting Ministries

- International and Intergovernmental Relations
- Economic Development

¹ <http://businessweek.feedroom.com/iframeset.jsp?ord=102290>