

U.S.–Alberta Relations



PROFILE

Capital: Washington, D.C.

Population: 317.29 million (2013)

Language: English

Government: Federal Republic

Head of State & Government:
President Barack Obama (D) Second term (Term expires January 2017)

Two consecutive term limit absolute

Currency: U.S. Dollars (USD)
\$1 CDN = \$0.90 USD (March 2014)

Gross Domestic Product (GDP):
US\$16.9 trillion (2013 estimate)

Per Capita Income: US\$42,693 (2012)

GDP growth rate: 1.9% (2013)

Inflation: 1.5% (March 2014)

Unemployment: 6.7% (March 2014)

RELATIONSHIP OVERVIEW

- The U.S. is by far Alberta's largest trading partner. Annual merchandise exports to the U.S. have averaged approximately \$77.5 billion a year over the past 5 years.
- The U.S. provides 2/3 of foreign investment and 60% of foreign tourists to Alberta.
- Alberta has close historic ties with Western and Midwestern states, from where many early pioneers immigrated to southern Alberta in the early 20th century.
- The U.S. has been an important source of investment and technology in the development of Alberta's energy industry since the 1940s.
- Growth of Alberta's energy sector, energy trade liberalization under NAFTA, and rapid development of the oil sands have made Alberta an integral part of U.S. energy security.
- Alberta's engagement with the U.S. focuses on secure and enhanced market access, and cooperation to address common problems and avoid disputes.

- Alberta was the first province to promote free trade with the U.S. and has benefited greatly. Alberta exports to the U.S. increased dramatically under free trade.

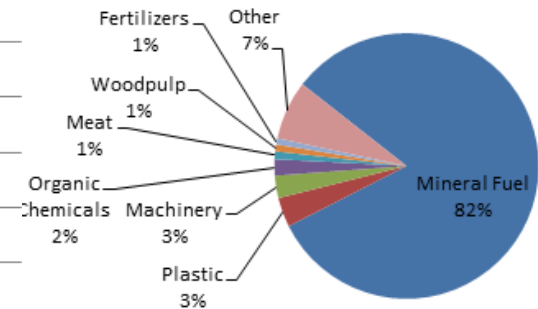
TRADE AND INVESTMENT

- Between 2009 and 2013, the U.S. accounted for 86.7% of Alberta's global exports.
- 17 of Alberta's top 20 export destinations worldwide are U.S. states.
- Alberta exports more to each of six U.S. states (Illinois, Washington State, Minnesota, Ohio, Michigan and Texas) than it does to China, the largest export destination outside of the U.S.
- In 2013, Alberta exported \$91.8 billion worth of goods to the U.S., an increase of 10.57% from 2012. The rise in exports was principally due to an increase in the value of crude oil exports and an improving U.S. economy.

Alberta's Domestic Exports to the U.S. (2004 - 2013)



Alberta's Domestic Exports to the U.S. (2009 - 2013 Average)



- Energy accounts for 81% of Alberta's exports to the U.S. While the values of crude oil exports have risen, the value of natural gas exports have fallen, principally due to lower prices.
- Other important export sectors are (2008-2012 annual average): plastics (\$2.7 billion), machinery (\$2.2 billion), organic chemicals (\$1.4 billion), meat (\$760 million), woodpulp (\$658 million) and fertilizers (\$637 million).
- The U.S. is Alberta's largest investment partner. The U.S. accounts for 55% of FDI into Canada—six times more than the next largest investor country.
- The Canadian Association of Petroleum Producers (CAPP) has identified more than 1906 U.S. based companies that supply equipment, parts and services used in the development of Alberta's oil sands.

ENERGY & NATURAL GAS

- It is estimated that there will be \$177 billion in capital investment in the oil sands between 2011 and 2020. U.S. companies are significant investors and suppliers of parts, equipment and services in Alberta's oil sands.
- About 60 Alberta-based companies are active in all aspects of the U.S. energy industry, including exploration and production, drilling and service and pipelines.
- Because of the close economic interrelationship between Canada and the U.S., 90 cents of every dollar that is spent on imported oil from Alberta returns to the U.S. economy in the form of U.S. exports to Canada. This compared to 34 cents for the OPEC average. Oil sands development is projected to generate \$521 billion in economic activity in the U.S. over the next 25 years.
- A study by the Canadian Energy Research Institute (CERI) estimated that between 2011 and 2035 the development of Alberta's oil sands will contribute an average of between \$5.7 and \$15.3 billion per year to the economy of the U.S. and support an average of between 62,750 and 168,360 jobs per year, with these workers earning between \$2.7 and \$7.3 billion per year.

- The range of these forecasts depends on the ability of growing Alberta production to find pipeline access to market.
- Alberta is also the largest supplier of natural gas to the U.S., with the majority going to the Midwest.
- The U.S. has an estimated 97.5 trillion cubic feet (tcf) of shale gas reserves (2010) which could impact natural gas imports in the future. In 2010, the U.S. produced about 5.0 tcf of shale gas, accounting for 23% of total natural gas production. It is estimated that by 2035, almost 50% of natural gas produced in the U.S. will come from shale reserves.
- In 2011, Alberta exported approximately 1.589 tcf of natural gas to the U.S. The Alberta gas pipeline hub transports approximately 13.5 billion cubic feet per day (Bcf/d) of Alberta and Western Canada Sedimentary Basin natural gas to the North American pipeline system and would be the key to delivering Alaskan gas to southern markets.
- Alberta's energy exports to the U.S. were valued at \$63.3 billion in 2012. These exports were composed of \$45.3 billion of crude oil, \$16.2 billion of natural gas, \$1.3 billion of propane, \$954 million of refined oil, and \$1.4 billion of other energy products.
- Alberta currently accounts for 26% of total U.S. oil imports in 2013—by far the most of any supplier. Saudi Arabia accounts for 17%, Mexico for 11%, Venezuela for 10%, Iraq for 4%, Nigeria for 3%, and Angola for 3%. The rest of Canada provides an additional 7% of U.S. crude oil imports.
- Alberta's oil sands produced 1.5 million barrels per day in 2012 and oil sands production is projected to increase to 3.3 million barrels per day by 2019, presenting significant opportunities for additional exports to the U.S.

INDUSTRY & TECHNOLOGY

- Oil sands investment provides significant supply chain opportunities for Canada's trading partners. The Conference Board of Canada has predicted that the U.S. will supply over \$65 billion in manufactured equipment for the oil sands by 2035.

- Alberta is Canada's leading producer of petrochemicals, with \$13 billion in annual sales. Alberta is also home to two of the world's largest ethane cracking facilities and to global companies such as Dow, Nova, Shell and Williams Energy.

AGRICULTURE

- In 2012, the value of Alberta agri-food exports to the U.S. totaled \$3.0 billion, increasing from 2011's \$2.55 billion.
- The U.S. is Alberta's largest trading partner for agri-food products and received 31% of Alberta's total agri-food exports in 2012. In 2011, this share was 32%.
- The U.S. is Alberta's sole market for live cattle and hogs (excluding purebred), and accounts for almost 74% of Alberta's beef exports by volume.
- Alberta supports free trade in agriculture and will work toward a continued collaborative effort between the U.S. and Canada in increasing trade between the two countries.
- Alberta continues to be concerned over increasing border fees, inspections and other food safety measures that slow trade and increase costs.
- U.S. consumers are willing to pay for quality products and Alberta is well positioned to meet the growing demand for private label, ready meals, meats, natural, specialty and functional foods in the region.
- The Canadian and Alberta governments undertook extensive advocacy efforts in 2013 to influence the U.S. to comply with their World Trade Organization obligations regarding COOL. As a result of these efforts, resolutions in support of this were passed by the following organizations: Legislative Agriculture Chairs, Council of State Governments (CSG) National, CSG Midwest, CSG-WEST, Ports-to-Plains Alliance, Canadian/American Border Trade Alliance, and the Pacific NorthWest Economic Region.

TRANSPORTATION

- Rail is playing an increasingly important role in transporting crude oil, with 175 thousands of barrels per day in Western Canadian oil exports shipped by rail in September 2013.
- Alberta recognizes that effective intermodal transportation links to U.S. markets are vital to provincial prosperity.
- Alberta is working with several U.S. jurisdictions of the Ports-to-Plains Alliance which the province joined in 2009, to forge new trade links and ultimately to develop new markets for Alberta products.

FORESTRY

- The Softwood Lumber Agreement now in force between Canada and the U.S. constrains Alberta exports but is preferable to ongoing costly and uncertain trade litigation.

IMMIGRATION & LABOUR

- Between 2009 and 2013, 6,295 immigrants from the U.S. chose Alberta as their destination. Approximately 44% were economic immigrants.
- During the same period, 36,288 foreign workers from the U.S. were issued a permit to work in Alberta and another 1,514 were issued a study permit.
- Alberta recognizes specific credentials issued in the U.S. by affiliates of the Building Trades of Alberta for the boilermaker, electrician, ironworker, steamfitter-pipefitter and welder trades. Recognized credentials allow skilled trades professionals to work in Alberta without further training or examinations.
- Alberta is exploring opportunities with the U.S. military to improve the effectiveness of assessment of skills, knowledge and experience of former military personnel against Alberta certification standards.

EDUCATION

- Alberta post-secondary institutions have active relationships with many U.S. institutions.
- Alberta and the U.S. co-operate in a teacher exchange program for elementary and high school teachers.
- Alberta College of Art and Design is an international affiliate of the U.S.-based Association of Independent Colleges of Art and Design.
- Mount Royal College has agreements with Texas Christian University, West Virginia University and the University of Iowa.
- The University of Lethbridge currently has a student exchange agreement with Muskingum College in New Concord, Ohio.

- Southern Alberta Institute of Technology (SAIT) Polytechnic has developed student transfer relationships with the University of Wyoming, University of Texas (Austin), University of Houston, University of Montana, Montana State University (Havre), Northwood University and Embry-Riddle Aeronautical University.
- The University of Alberta works with the Canada-U.S. Fulbright Commission to attract outstanding faculty to undertake visiting professorships.
- The University of Alberta has MOU's and agreements with several U.S. institutions: University of Georgia, University of Colorado School of Law, University of Alaska, University of Montana, University of New Mexico and New Mexico State University, University of California, George Washington University and the Akron General Medical Center.
- The University of Calgary provides internships, student exchanges and graduate programs with the following institutions: Colorado School of Mines; University of Tennessee at Knoxville, National Student Exchange; and the Washington Center for Internships and Academic Seminars.

TOURISM & CULTURE

- In 2011, Alberta hosted 775,000 person-visits from the U.S., with expenditures of \$559 million.
- California provided the largest number of overnight person-visits in 2011, at 122,000, followed by Texas at 64,000, Washington at 53,000, and Montana at 46,000.
- In 2005, Alberta provided \$5 million to the U.S. for Hurricane Katrina relief.

RECENT VISITS/MISSIONS

- May 2014: David Dorward, MLA Edmonton-Gold Bar, travelled to Washington, D.C. to participate in congressional meetings with the Ports-to-Plains Alliance.
- May 2014: The Honourable Diana McQueen, Minister of Energy, travelled to Pittsburgh, Pennsylvania to deliver a speech to the Carbon Capture and Storage Conference, followed by meetings with financial institutions in New York.
- April 2014: The Honourable Cal Dallas, Minister of International and Intergovernmental Relations, attended the Pacific Energy Forum in Seattle, Washington.
- April 2014: The Honourable Doug Horner, President of the Treasury Board and Minister of Finance, promoted Alberta as a destination for investment during meetings with financial leaders and investors in Boston and New York.
- April 2014: A delegation from the California Foundation on the Environment and the Economy participated in briefings and a site visit of the oil sands.

- April 2014: Alberta was host to "the Cloud Factory," an event that attracted business and technology leaders from the information technology sector from the U.S.
- March 2014: A delegation from the School of Advanced Studies at John's Hopkins University participated in briefings and a site visit to the oil sands.
- March 2014: An oil sands tour, organized with Foreign Affairs, Trade and Development Canada, was provided to U.S. Think Tanks and university officials.
- March 2014: The Honourable Cal Dallas, Minister of International and Intergovernmental Relations, attended the World Heavy Oil Congress in New Orleans, Louisiana.
- March 2014: The Honourable Diana McQueen, Minister of Energy, represented Alberta at CERAWEEK in Houston, Texas.
- March 2014: A delegation of Wyoming state legislators toured the Alberta Industrial Heartland.
- January 2014: Alana DeLong, MLA Calgary Bow, traveled to Olympia, Washington; Boise, Idaho; and Juneau, Alaska to participate in a PNWER mission to meet with state capital legislators.

TRANSBOUNDARY COOPERATION

The Alberta government works as a partner with American states in a wide range of forums and organizations, including:

- Canadian/American Border Trade Alliance (Can/Am BTA)
- Council of State Governments (CSG)
- Council of State Governments Midwest (CSG Midwest)
- Council of State Governments-WEST (CSG-WEST)
- National Association of State Directors of Agriculture (NASDA)
- Pacific NorthWest Economic Region (PNWER)
- Ports-to-Plains Alliance (PTP)
- Western Association of State Highway & Transportation Officials (WASHTO)
- The Energy Council
- Western Governors' Association (WGA)
- Western Interstate Energy Board
- Western Legislative Forestry Task Force

DIPLOMATIC REPRESENTATION

- The U.S. Ambassador to Canada in Ottawa is Bruce Heyman.
- The Canadian Ambassador to the U.S. in Washington, D.C. is Gary Doer.
- The U.S. Consul General located in Calgary responsible for Alberta is Peter Kujawinski.
- David Manning is Alberta's Representative in Washington, D.C.