

WEBVTT

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<v SPEAKER_1>Hello, everyone, and welcome to Energy Security Cubed, one of the world's foremost energy security podcasts presented by the CGAI, or Canadian Global Affairs Institute.

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<v SPEAKER_1>I'm Kelly Ogle, Managing Director here at CGAI.

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<v SPEAKER_2>And I'm Joe Calnan, Vice President of Energy and Calgary Operations at the Canadian Global Affairs Institute.

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<v SPEAKER_1>For today's podcast, we're featuring two segments from our recent conference, Canada's Next Chapter in the Indo-Pacific.

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<v SPEAKER_1>The first segment features Member of Parliament for Sceena-Bulkley Valley and former elected Chief Council for Hasla Nation, Ellis Ross, for a speech titled Aligning Canadian Energy Sovereignty with Indigenous Opportunity.

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<v SPEAKER_2>The second segment features Jun Nishizawa, Visiting Fellow at the Institute of Energy Economics, Japan, for a presentation titled The Current State of Energy in the Indo-Pacific.

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<v SPEAKER_1>Yeah, very interesting conversations, Joe, and I'm sure that the listeners will be interested.

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<v SPEAKER_1>But before we go there, let's quickly discuss with Joe some of the news stories that he found affecting global energy security this week.

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<v SPEAKER_1>How are things with you, Joe?

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<v SPEAKER_2>Yeah, unfortunately, no news stories in this time around, but it's just focused on the budget again, just because it's pretty important.

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<v SPEAKER_1>Because, yeah.

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<v SPEAKER_2>Yeah.

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<v SPEAKER_2>Now, we have another episode specifically on the budget, so we might do that once the dust settles a little bit here.

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<v SPEAKER_2>But right now, I think we'll just dig into it.

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<v SPEAKER_1>Sure.

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<v SPEAKER_2>So I'd like to start by getting a little more into the Major Projects Office side of things and general spending.

00:01:52.616 --> 00:01:56.176

<v SPEAKER_2>So last week, we vented a little bit about the climate competitiveness strategy.

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<v SPEAKER_2>Now, this part of the budget wasn't actually tied to much funding or anything like that.

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<v SPEAKER_2>It's more a question of the climate competitiveness strategy is more about what sort of regulations, laws are being put upon energy.

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<v SPEAKER_2>And we should be clear that some of the policies from this strategy are definitely steps in the right direction, although we were completely negative last time around.

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<v SPEAKER_2>Some of them are pretty good.

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<v SPEAKER_2>Stepping back from the greenwashing bill, that was great.

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<v SPEAKER_2>And indicating that the oil and gas emissions cap may be scrapped.

00:02:27.896 --> 00:02:30.276

<v SPEAKER_2>Those are definitely movements in a positive direction.

00:02:31.076 --> 00:02:35.656

<v SPEAKER_2>But I'm still worried about us being clear on the trade-offs involved in these policies.

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<v SPEAKER_2>You really can't have your cake and eat it too with climate policy.

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<v SPEAKER_2>Reducing emissions has climate benefits, but any improvement to competitiveness is indirect and conditional.

00:02:47.196 --> 00:02:49.676

<v SPEAKER_2>For example, attracting investment.

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<v SPEAKER_2>All else equal, would data centers prefer to use clean power?

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<v SPEAKER_2>Yes, yeah, for sure.

00:02:54.836 --> 00:03:02.356

<v SPEAKER_2>However, they are more interested in getting power than they are in waiting for Canada to build new hydroelectric dams.

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<v SPEAKER_2>That's their top priorities, getting that electricity, not necessarily getting it from the cleanest possible source.

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<v SPEAKER_2>But turning away from the climate competitiveness side, we really should talk about what is new in the budget for the Major Projects Office.

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<v SPEAKER_2>Let's start off with some headline numbers.

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<v SPEAKER_2>The Chapter 1 budget table projects 244 million in new funding for quote, launching the Major Projects Office unquote.

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<v SPEAKER_2>This seems to be split between the MPO itself, the Indigenous Advisory Council and the Federal Initiative on Consultation.

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<v SPEAKER_2>So basically this is funding to get the staff for the Major Projects Office set up, but then also for funding Indigenous communities to be properly consulted.

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<v SPEAKER_2>Interestingly, the MPO is being tasked not only with streamlining regulations, but also coordinating government financing.

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<v SPEAKER_2>So the Canada Infrastructure Bank, the Canada Growth Fund, and the Canada Indigenous Loan Guarantee Program are specifically highlighted in the budget as sources of financing for MPO-related projects.

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<v SPEAKER_2>So with the MPO supposed to be kind of a shepherd for aligning these financing, pieces of financing into a package for these sort of major projects to get off the ground.

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<v SPEAKER_2>So this comes with some new money.

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<v SPEAKER_2>So the Canada Infrastructure Bank's capital budget has been expanded from 35 billion to 45 billion.

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<v SPEAKER_2>The Indigenous Equity Fund has been doubled to \$10 billion, which is pretty big, and this all comes on top of the existing \$15 billion Canada Growth Fund.

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<v SPEAKER_2>So this could account for around 15 billion, maybe, in new money over the next five years.

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<v SPEAKER_2>But there's big questions about the Canada Infrastructure Bank's capital budget, what that will exactly be put towards.

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<v SPEAKER_2>I think overall, though, the picture is that this is existing money, existing programs, and the MPO is just meant to take more control over the strategic impetus behind the funding that already exists.

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<v SPEAKER_1>I like your term about shepherding the money, Joe, although I'll have some comments about that in a minute.

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<v SPEAKER_2>Yeah, you might have another word for it.

00:05:06.776 --> 00:05:15.196

<v SPEAKER_2>But the MPO money is seemingly separate from this other pool of money, which is the quote unquote general infrastructure

investments.

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<v SPEAKER_2>So that's about \$9 billion in new money, which is mostly earmarked for core public infrastructure.

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<v SPEAKER_2>So like water, electricity, maybe like local distribution, all that sort of stuff.

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<v SPEAKER_1>Maybe the indigenous communities will get clean water.

00:05:28.236 --> 00:05:28.496

<v SPEAKER_2>Yeah.

00:05:28.496 --> 00:05:36.776

<v SPEAKER_2>I mean, I think that that's supposed to be a big part of it, but I think that there's a lot of other challenges to that as well that need to be engaged with.

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<v SPEAKER_2>But separately in the second chapter, the budget also introduces a new Trade Diversification Corridors Fund and Arctic Infrastructure Fund.

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<v SPEAKER_2>So the examples given under this \$4.1 billion of new money indicate that the focus of this will be port, road and rail infrastructure.

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<v SPEAKER_2>So things like upgrading the port of Vancouver, upgrading the port of Montreal.

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<v SPEAKER_2>So these are things that could be under the Major Projects Office, but it's not as general as the Canada Infrastructure Bank or the Clean Projects.

00:06:08.696 --> 00:06:10.796

<v SPEAKER_2>So it's not as much energy focus.

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<v SPEAKER_2>Although port and rail infrastructure, you also have energy.

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<v SPEAKER_1>And they fit right in the Liberals' modus operandi of funding the places where they got a bunch of ridings like Montreal and

Vancouver.

00:06:22.876 --> 00:06:25.176

<v SPEAKER_2>Yeah, not as much on the pipelines.

00:06:26.056 --> 00:06:26.776

<v SPEAKER_2>I mean, we'll see.

00:06:26.776 --> 00:06:30.016

<v SPEAKER_2>Maybe poor Prince Rupert could get some focus.

00:06:30.016 --> 00:06:30.856

<v SPEAKER_2>That could be interesting.

00:06:31.656 --> 00:06:37.316

<v SPEAKER_2>But overall, the message of this budget is that we already have all the resources needed to get these major projects built.

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<v SPEAKER_2>We just need to use them more effectively.

00:06:39.796 --> 00:06:44.216

<v SPEAKER_2>And I generally agree that we do have everything aligned to make these things happen.

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<v SPEAKER_2>We just need to be more effective with the resources we have.

00:06:47.316 --> 00:06:49.416

<v SPEAKER_2>I don't think it comes down to new money.

00:06:49.416 --> 00:06:51.796

<v SPEAKER_2>I think it comes down to execution.

00:06:51.796 --> 00:06:55.656

<v SPEAKER_2>So the MPO is currently being staffed up here in Calgary.

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<v SPEAKER_2>And I would be absolutely delighted if any of the new staff members listen to this podcast and reach out.

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<v SPEAKER_2>I'd love to go for a coffee and chat about the meaning of national interest in the context of Major Projects Office.

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<v SPEAKER_2>But I'll leave it at that.

00:07:10.156 --> 00:07:11.496

<v SPEAKER_1>Yeah, that would be interesting.

00:07:11.496 --> 00:07:15.596

<v SPEAKER_1>I don't know that you'll get any take up, Joe, but we'll see.

00:07:15.596 --> 00:07:18.736

<v SPEAKER_1>244 million is a lot of overhead.

00:07:20.216 --> 00:07:23.596

<v SPEAKER_2>I would love to have a budget of 244 million here at CGAI.

00:07:23.616 --> 00:07:26.336

<v SPEAKER_1>Well, it makes me nervous.

00:07:26.336 --> 00:07:30.116

<v SPEAKER_1>And I don't want to get the card ahead of the horse, but I'm thinking SDTC.

00:07:30.116 --> 00:07:39.336

<v SPEAKER_1>Like that 244 million sounds to me was kind of specifically for admin, like to build it, and god, that's a lot of money.

00:07:39.336 --> 00:07:40.376

<v SPEAKER_3>Yeah.

00:07:40.656 --> 00:07:45.296

<v SPEAKER_1>And it really flies in the face of a lack of new money for Major Projects.

00:07:47.816 --> 00:07:50.856

<v SPEAKER_2>Like so for the building of Major Projects.

00:07:50.936 --> 00:07:54.156

<v SPEAKER_1>Yeah, like that's a lot of money.

00:07:54.156 --> 00:07:59.616

<v SPEAKER_1>Even in the context of billions, 244 million is a lot of money.

00:07:59.616 --> 00:08:07.056

<v SPEAKER_2>It's a question of the ratio between how much money in new projects are you getting off the ground versus how much your admin budget is.

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<v SPEAKER_4>Yeah, yeah.

00:08:08.276 --> 00:08:17.116

<v SPEAKER_1>Maybe I'm just being too pessimistic, but it's a big spending budget, and let's talk about some of the top line items.

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<v SPEAKER_1>Number five is building Canada Homes in Chapter Three, which commits around 6.7 billion in new funding over the next five years to subsidize the construction of new homes.

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<v SPEAKER_1>Number four is the generational infrastructure investments line item in Chapter One, which commits around 9 billion in new funding over the next five years for basic infrastructure.

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<v SPEAKER_1>Number three is the policies from protecting workers and transforming Canada's strategic industries in Chapter Two, supports for companies and workers impacted by tariffs, which provides around 12 billion in new funding.

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<v SPEAKER_1>And number two is the middle class tax cut in Chapter Three, which reduces the lowest marginal personal income tax rate from 15 to 14 percent.

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<v SPEAKER_1>This is estimated to reduce revenues by over 27 billion over the next five years.

00:09:08.016 --> 00:09:26.116

<v SPEAKER_1>Finally, the largest spending item is rebuilding, re-arming and re-investing in the Canadian Armed Forces, which provides for 56.6 billion in new funding for the CAF over the next five years, as well as nearly 3 billion in funding for Canadian operations in Eastern Europe and the Middle East.

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<v SPEAKER_1>And we've got a lot more expert people in Ottawa to talk about that particular part of the budget.

00:09:32.796 --> 00:09:35.816

<v SPEAKER_1>So please look at Dave's podcast.

00:09:35.816 --> 00:09:36.736

<v SPEAKER_1>I'm sure he's talking about it.

00:09:38.096 --> 00:09:42.096

<v SPEAKER_1>The question for me is, Joe, how are we going to pay for all this?

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<v SPEAKER_1>In Chapter 5, the federal government proposes that they will be able to dramatically cut spending in other areas by up to 56 billion over five years.

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<v SPEAKER_1>That's 8 to 12 billion a year.

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<v SPEAKER_1>Considering that federal operating and capital expenditures in 24-25 were 120 billion, this is a pretty significant cut assuming the transfer of payments to provinces and individuals aren't cut.

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<v SPEAKER_1>Long story short, we're seeing a fairly major reorientation of the Canadian government.

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<v SPEAKER_1>It is still an open question about whether it's big enough.

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<v SPEAKER_2>No, it's a pretty interesting budget.

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<v SPEAKER_2>Yeah, there's been criticism of it, both from the perspective of it's a big spending budget and it completely throws out the original fiscal anchor.

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<v SPEAKER_2>I mean, there's been a series of fiscal anchors adopted by the Trudeau government and now by the Carney government that have been progressively abandoned.

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<v SPEAKER_2>There's a question about at what point does that get into a danger zone of nobody trusting you on your spending plans?

00:10:49.876 --> 00:10:59.436

<v SPEAKER_2>As a mid-sized economy, we don't have the kind of control over the value of our debt in the way that the United States does.

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<v SPEAKER_2>We can see some pretty bad impacts on inflation if things start running away from us.

00:11:05.476 --> 00:11:07.236

<v SPEAKER_2>We got to be careful.

00:11:07.236 --> 00:11:19.656

<v SPEAKER_2>But at the same time, the other criticism is that it's not ambitious enough where it comes to kind of trying to redesign Canada's economy, trying to make sure that we're not vulnerable anymore.

00:11:19.656 --> 00:11:26.196

<v SPEAKER_2>But there's questions about what would it really take to make that side of things happen?

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<v SPEAKER_1>We don't have enough people and we don't have an industrial base other than Southern Ontario, other than the resource economy.

00:11:34.776 --> 00:11:37.356

<v SPEAKER_1>So give your heads a shake.

00:11:37.356 --> 00:11:44.156

<v SPEAKER_1>We need to work hard on maintaining and building our export capacity for our resources.

00:11:44.936 --> 00:11:47.156

<v SPEAKER_1>Or we're going to be a laggard.

00:11:47.156 --> 00:11:50.096

<v SPEAKER_1>I'm just not so Joe on their ability to cut spending.

00:11:51.296 --> 00:11:53.696

<v SPEAKER_1>Historically, they can't do it.

00:11:53.696 --> 00:11:54.816

<v SPEAKER_1>This isn't John Cretchen.

00:11:56.036 --> 00:12:00.536

<v SPEAKER_2>Yeah, the thing that I worry about a little bit is upcoming.

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<v SPEAKER_2>The Gray Cup is coming up.

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<v SPEAKER_2>There's thinking that around this announcement, we could see the government of Alberta and the federal government come to a deal about a big new oil pipeline through Northern Alberta.

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<v SPEAKER_2>There's questions about how this will be paid for because Trans Mountain Pipeline Expansion costs \$30 billion, maybe closer to

\$35 billion.

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<v SPEAKER_2>So these are very, very expensive projects.

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<v SPEAKER_2>And there's some consideration about whether the federal government was going to earmark enough money in this to say that they could potentially provide some support for such a project.

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<v SPEAKER_2>And I think under the current budget that we have here, it doesn't seem as though there's enough money available for that.

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<v SPEAKER_2>So there's questions about what will the Major Projects Office do to actually support that project in getting built if it does get put onto that list.

00:12:57.756 --> 00:12:59.756

<v SPEAKER_2>So that's a big question.

00:12:59.756 --> 00:13:07.816

<v SPEAKER_1>Yeah, because you'd think that the changes of the capital cost allowance would already be factored into that type of project, right?

00:13:07.816 --> 00:13:17.636

<v SPEAKER_1>You might get accelerated capital cost allowance because that's part of other projects that they're talking about, which is interesting, but it's a revenue not paying.

00:13:18.576 --> 00:13:20.176

<v SPEAKER_1>It's not like cash coming.

00:13:20.176 --> 00:13:21.356

<v SPEAKER_1>You still have to spend it.

00:13:21.356 --> 00:13:27.756

<v SPEAKER_2>Yeah, and ideally, that would be for a company that already has a good amount of revenues here in Canada.

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<v SPEAKER_1>Right.

00:13:32.576 --> 00:13:34.096

<v SPEAKER_1>A proponent has to come forth.

00:13:34.436 --> 00:13:44.536

<v SPEAKER_1>And that raises the question of, as long as Bill C-48 is

there, nobody's going to build a pipeline, an oil pipeline, to another oil pipeline, to anywhere north of Vancouver, it's not happening.

00:13:44.536 --> 00:13:46.756
<v SPEAKER_1>So that's the next thing.

00:13:46.756 --> 00:13:50.456
<v SPEAKER_2>Yeah, Bill C-48 would need to be revoked before any sort of pipeline becomes feasible.

00:13:50.456 --> 00:13:51.436
<v SPEAKER_1>Exactly.

00:13:51.436 --> 00:13:58.416
<v SPEAKER_1>And that causes a big, that throws a wrench in the works between EB and the federal government.

00:13:58.416 --> 00:14:01.476
<v SPEAKER_1>So I'll be interested to see if any of that would happen.

00:14:01.476 --> 00:14:07.036
<v SPEAKER_2>Well, I think to clarify, it would need to be revoked or an exemption under the Major Projects Office.

00:14:07.356 --> 00:14:14.556
<v SPEAKER_2>So basically, the MPO is able to overrule or like, you know, of course, there's questions as to exactly how those works.

00:14:14.556 --> 00:14:22.356
<v SPEAKER_2>But the idea behind this Major Projects Office is that they're able to overrule all sorts of regulation and legislation to get things built.

00:14:22.356 --> 00:14:23.836
<v SPEAKER_1>Well, explain that to me, Joe.

00:14:23.836 --> 00:14:26.116
<v SPEAKER_1>Are they above and beyond the Canadian energy?

00:14:26.116 --> 00:14:28.376
<v SPEAKER_1>Are they like the Canadian energy regulator?

00:14:28.376 --> 00:14:31.176
<v SPEAKER_1>Like, what gives them the power to override legislation?

00:14:31.176 --> 00:14:34.976
<v SPEAKER_2>I think that's a question that everyone's trying to figure out exactly what it does.

00:14:35.116 --> 00:14:48.196

<v SPEAKER_2>But the Building Canada Act does provide for the ability to override pretty much any, I believe it's most Canadian laws can be overrode to the Building Canada Act.

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<v SPEAKER_2>Which is like, you can't break constitutional, any part of the Constitution, which includes the BNA Act plus the Charter Rates and Freedoms.

00:14:59.456 --> 00:15:07.956

<v SPEAKER_2>But I believe that all other legislation can potentially be overruled for specific projects.

00:15:07.956 --> 00:15:10.476

<v SPEAKER_2>So, I mean, like, it's an interesting piece of legislation.

00:15:10.476 --> 00:15:14.096

<v SPEAKER_1>Well, we'll see what happens on Thursday at Prince Robert, where we're supposed to announce this.

00:15:14.836 --> 00:15:21.616

<v SPEAKER_1>You know, my sources tell me the grand bargain includes an increase in the large emitter tax per ton.

00:15:21.616 --> 00:15:26.556

<v SPEAKER_1>That's in concert with the approval of a pipeline.

00:15:26.556 --> 00:15:27.596

<v SPEAKER_1>That's what I hear.

00:15:27.596 --> 00:15:32.776

<v SPEAKER_1>So, and that would include plus commitments about CCS.

00:15:33.596 --> 00:15:34.736

<v SPEAKER_1>Big commitments.

00:15:34.736 --> 00:15:35.456

<v SPEAKER_2>Yeah.

00:15:35.596 --> 00:15:36.736

<v SPEAKER_1>So, we'll see.

00:15:36.896 --> 00:15:38.516

<v SPEAKER_2>Well, we'll see when that comes out.

00:15:38.756 --> 00:15:42.356

<v SPEAKER_2>We'll make a podcast about it, because that's going to be pretty, pretty important.

00:15:42.356 --> 00:16:09.596

<v SPEAKER_1>Before we go, Joe, I just wanted to, like you talked about the climate competitiveness strategy, and I was watching a political program this afternoon there, and they were talking about, you know, the failure, the upright, you know, the way that the whole climate Paris agreement slash goals and stretches to 2035 and 2050.

00:16:09.596 --> 00:16:15.516

<v SPEAKER_1>And, you know, the government, the minister of the ECC minister, what's her name?

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<v SPEAKER_2>Trulia Daboussin.

00:16:16.856 --> 00:16:24.076

<v SPEAKER_1>Yeah, she was in, at COP, backpedaling like crazy, that these are stretch goals and we're going to have to really work hard to get them good, because they know they can't.

00:16:24.136 --> 00:16:27.956

<v SPEAKER_1>Like it's, it's the, it just continues.

00:16:27.956 --> 00:16:34.736

<v SPEAKER_1>I just want to continue our conversation from last week about the headwinds toward decarbonization are getting stronger every day.

00:16:34.736 --> 00:16:37.476

<v SPEAKER_1>Other economies are recognizing it.

00:16:37.476 --> 00:16:39.356

<v SPEAKER_1>It's all about competitive.

00:16:39.356 --> 00:16:42.516

<v SPEAKER_1>It's almost an oxymoron, Joe, climate competitiveness.

00:16:43.716 --> 00:16:52.676

<v SPEAKER_2>Yeah, yeah, I think, like I said, that there's potential for climate action to improve the competitiveness of financing, maybe.

00:16:53.176 --> 00:16:53.596

<v SPEAKER_1>Maybe.

00:16:53.736 --> 00:17:00.276

<v SPEAKER_2>There's some scope for certain banks and other lending institutions being more favourable.

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<v SPEAKER_1>They're gun-shy too though, Joe, you know, they've become real gun-shy about that.

00:17:04.556 --> 00:17:09.756

<v SPEAKER_1>Like, you know, basing the future on C-bams and contracts for difference and stuff.

00:17:09.756 --> 00:17:14.596

<v SPEAKER_1>It's sort of like the argument or the the rants you like to go on about LCOE.

00:17:14.596 --> 00:17:16.456

<v SPEAKER_1>Like, it's kind of the same thing.

00:17:16.456 --> 00:17:19.936

<v SPEAKER_2>Yeah, it should all be about future revenue streams.

00:17:20.316 --> 00:17:21.816

<v SPEAKER_2>That's ultimately what competitiveness is about.

00:17:21.816 --> 00:17:23.896

<v SPEAKER_1>Exactly, based on a rate of return on revenue.

00:17:23.896 --> 00:17:24.696

<v SPEAKER_2>Yeah.

00:17:24.696 --> 00:17:31.096

<v SPEAKER_2>So, you know, like if you're plugging in a solar panel somewhere where it'll cause the...

00:17:31.096 --> 00:17:40.616

<v SPEAKER_2>If you're plugging in a solar panel when you have electricity prices that are literally zero, then even though that solar panel is very cheap, you're not going to be making any money off of it.

00:17:40.816 --> 00:17:41.476

<v SPEAKER_2>Right.

00:17:41.476 --> 00:17:42.616

<v SPEAKER_2>Yeah.

00:17:42.616 --> 00:17:43.556

<v SPEAKER_1>Yeah.

00:17:43.556 --> 00:17:45.056

<v SPEAKER_1>Anyways, we're down a rabbit hole.

00:17:45.056 --> 00:17:46.136

<v SPEAKER_1>I love it though.

00:17:46.136 --> 00:17:47.796

<v SPEAKER_1>Great for bringing this out, Joe.

00:17:47.996 --> 00:17:51.536

<v SPEAKER_1>We'll have another interesting discussion with the folks next week.

00:17:51.536 --> 00:17:52.956

<v SPEAKER_2>Yeah, for sure, Kelly.

00:17:53.836 --> 00:18:03.096

<v SPEAKER_2>Yeah, to our listeners, thanks so much for listening and we'll be getting into the session with Ellis Ross as well as with Jun Nishizawa.

00:18:03.096 --> 00:18:09.056

<v SPEAKER_2>I'd like to note quickly here that you can find Jun's slides on our website.

00:18:09.596 --> 00:18:14.736

<v SPEAKER_2>They're on the event page for the conference, which you can find in Calgary events.

00:18:14.836 --> 00:18:21.856

<v SPEAKER_2>So please do look that up and check out his slides in a PDF format and follow along as you listen to the podcast.

00:18:21.856 --> 00:18:23.056

<v SPEAKER_1>Yeah, I agree.

00:18:23.076 --> 00:18:31.336

<v SPEAKER_1>You should do that folks because he was very graphic about, it was a real graphic explanation of where Japan is in terms of energy security.

00:18:31.336 --> 00:18:32.776

<v SPEAKER_1>So please have a listen.

00:18:32.776 --> 00:18:33.696

<v SPEAKER_1>Thanks a lot, Joe.

00:18:33.696 --> 00:18:34.056

<v SPEAKER_3>Okay.

00:18:34.056 --> 00:18:36.116

<v SPEAKER_2>Now we'll switch later to Mr.

00:18:36.116 --> 00:18:38.056

<v SPEAKER_2>Ellis Ross, MP.

00:18:40.076 --> 00:18:48.696

<v SPEAKER_3>Good morning and thank you for inviting me for this topic, which is a great interest for our national audience right now.

00:18:48.696 --> 00:18:53.896

<v SPEAKER_3>When we were talking about the energy infrastructure in the Cinnabonto Valley, we were talking about Energy Canada.

00:18:53.896 --> 00:19:02.356

<v SPEAKER_3>But nobody really remembers the previous project, which was Chevron's KM LNG project, which was a \$30 billion project.

00:19:02.356 --> 00:19:07.856

<v SPEAKER_3>We also don't remember in BC at the time, there was 18 major projects on the books.

00:19:07.856 --> 00:19:11.596

<v SPEAKER_3>Basically, everybody laughed about Energy Canada and two minor projects.

00:19:12.716 --> 00:19:30.456

<v SPEAKER_3>One was NISCA LNG, that's a Trinity Nation, in my writing, as well as something that came out of the LNG category, which is called Heislas Cedar LNG, but both are small projects in comparison to LNG Canada.

00:19:30.456 --> 00:19:40.136

<v SPEAKER_3>But in those days, everybody seems to be jumping on this idea of energy sovereignty and being an energy superpower.

00:19:41.296 --> 00:19:51.256

<v SPEAKER_3>I'm here to tell you that Canada, if it's not First Nations, then it's Canada overall, you got to learn how to walk before you can run.

00:19:51.256 --> 00:19:54.296

<v SPEAKER_3>You still haven't learned how to walk.

00:19:54.296 --> 00:20:02.616

<v SPEAKER_3>Yes, we live in a great country surrounded by energy, but the politics around energy, it hasn't been settled yet.

00:20:02.616 --> 00:20:16.736

<v SPEAKER_3>There's too many issues in Canada that actually have restricted us from basically trying to get something like LNG Canada off the ground, which took us 10 years and caused a lot of heartache.

00:20:16.736 --> 00:20:31.896

<v SPEAKER_3>Not just within my community, but also from neighboring communities, native and non-native alike, with a lot of interested parties coming in to stop this pipeline development.

00:20:33.096 --> 00:20:41.076

<v SPEAKER_3>And so Canada, from what I'm understanding now, what I'm seeing now in Ottawa, you're just continuing that trend.

00:20:41.076 --> 00:20:47.916

<v SPEAKER_3>You haven't come up with a strong message to basically solidify the idea that we're gonna be an energy superpower.

00:20:47.916 --> 00:21:03.536

<v SPEAKER_3>On one day, you hear from Ottawa, they're working on an energy superpower, and we're gonna utilize some new legislation that turns into Major Projects Office, but the very next day, you say you won't do it without national consensus.

00:21:05.916 --> 00:21:07.916

<v SPEAKER_3>That's gonna stop you right there.

00:21:09.056 --> 00:21:19.316

<v SPEAKER_3>If you don't define what national consensus is, then I think everybody understands that it might mean provincial agreement with all the provinces of Canada, but that hasn't been defined.

00:21:20.976 --> 00:21:23.436

<v SPEAKER_3>So the definition is broad in general.

00:21:23.436 --> 00:21:29.776

<v SPEAKER_3>Are you talking about national consensus between the provinces, the municipalities, regional districts?

00:21:29.776 --> 00:21:30.616

<v SPEAKER_3>Are you talking about that?

00:21:30.616 --> 00:21:33.856

<v SPEAKER_3>Or are you talking about every native community combined?

00:21:35.056 --> 00:21:44.016

<v SPEAKER_3>You have to define that, which is kind of backwards than the constitutional authority that Canada should have when it comes to the national interest.

00:21:44.016 --> 00:21:50.896

<v SPEAKER_3>All that talk about Trump and the existential crisis we're in, that's disappearing.

00:21:53.476 --> 00:21:54.736

<v SPEAKER_3>That's a shame.

00:21:56.076 --> 00:22:05.476

<v SPEAKER_3>You also talked about the idea, which I thought Canada

got it right when he first said that First Nations don't have a veto when it comes to these types of projects.

00:22:05.476 --> 00:22:07.456

<v SPEAKER_3>That's true.

00:22:07.456 --> 00:22:12.176

<v SPEAKER_3>But the very next day, they said they will not do it without consent.

00:22:13.896 --> 00:22:23.056

<v SPEAKER_3>Consent for any legalities people in the room, that is a part of the case law established in the Courts of Beasts in Canada, but it's limited.

00:22:24.436 --> 00:22:37.776

<v SPEAKER_3>In certain circumstances, it's limited, especially when you think about the phrase, national interest, or what's best for society, which the courts have said the governments have a duty to protect.

00:22:39.776 --> 00:22:44.916

<v SPEAKER_3>Now, in this case here, Canada, you're between a rock and a hard place.

00:22:45.976 --> 00:22:53.636

<v SPEAKER_3>You don't have enough money to basically achieve everything that you've talked about in the last year.

00:22:53.636 --> 00:22:58.036

<v SPEAKER_3>So you're gonna have to go out and borrow it to sustain your deficit.

00:22:58.036 --> 00:23:02.436

<v SPEAKER_3>And this is just to get a baseline on the military, for example.

00:23:05.956 --> 00:23:09.576

<v SPEAKER_3>And then these are good expenses.

00:23:09.576 --> 00:23:13.396

<v SPEAKER_3>Every country should have a military, a strong military.

00:23:13.396 --> 00:23:18.276

<v SPEAKER_3>Of course, we're not gonna be able to compete with Russia, China, or United States.

00:23:18.276 --> 00:23:23.956

<v SPEAKER_3>But the day is coming when we are gonna have to defend the Arctic.

00:23:23.956 --> 00:23:25.416
<v SPEAKER_3>And we're not prepared.

00:23:26.716 --> 00:23:30.996
<v SPEAKER_3>We're not prepared with the workforce, and we're not prepared with technology.

00:23:32.036 --> 00:23:34.696
<v SPEAKER_3>And for both, you're gonna need revenue.

00:23:35.756 --> 00:23:38.136
<v SPEAKER_3>And we don't have it.

00:23:38.136 --> 00:23:44.236
<v SPEAKER_3>This sounds good to say we're gonna be the energy superpower, and somehow we're gonna get energy sovereignty, and then the revenue is gonna flow in.

00:23:44.236 --> 00:23:47.776
<v SPEAKER_3>But you gotta get that stage of putting shovels in the ground.

00:23:49.136 --> 00:23:55.936
<v SPEAKER_3>There's other jurisdictions around the world that have built LNG plants similar to us within two years.

00:23:55.936 --> 00:23:58.556
<v SPEAKER_3>It took us ten just to get LNG Canada off the ground.

00:24:00.096 --> 00:24:04.616
<v SPEAKER_3>Ten years, mining permits can take you a minimum of 15 years.

00:24:04.616 --> 00:24:16.636
<v SPEAKER_3>And given the energy push right now for electric vehicles, the current and minimums, if we don't smarten up, we're gonna have to continue to rely on different jurisdictions for our critical minerals.

00:24:16.696 --> 00:24:29.976
<v SPEAKER_3>That includes going to third world countries and taking advantage of their low environmental standards and their low workforce standards, which is not Canadian in my eyes.

00:24:31.476 --> 00:24:44.096
<v SPEAKER_3>The energy sovereignty question is actually an interesting one because I don't think you could achieve it unless you have full control and political control over our future.

00:24:44.956 --> 00:24:51.976

<v SPEAKER_3>In this interconnected world, whether we're talking about electricity or pipelines, we don't have that control.

00:24:53.556 --> 00:24:59.856

<v SPEAKER_3>In fact, we've limited ourselves to one market over the last decades, meaning the United States.

00:24:59.856 --> 00:25:03.636

<v SPEAKER_3>So over 90% of our oil goes to the United States at a discount.

00:25:03.636 --> 00:25:09.976

<v SPEAKER_3>The diversification we heard about in Ottawa, I say we're going to go to more international markets, that's going away.

00:25:11.636 --> 00:25:14.356

<v SPEAKER_3>The latest cause is to get keystone revived.

00:25:16.216 --> 00:25:18.736

<v SPEAKER_3>More oil going to the United States.

00:25:18.736 --> 00:25:20.116

<v SPEAKER_3>That's not diversification.

00:25:21.976 --> 00:25:37.556

<v SPEAKER_3>And when you talk about getting our economy on steroids, one of the biggest announcements that came out of Ottawa, that I don't think people understood correctly, was that Ottawa committed \$1 trillion of private investment in the United States.

00:25:40.036 --> 00:25:44.156

<v SPEAKER_3>Of private dollars, but no explanation.

00:25:44.156 --> 00:25:48.596

<v SPEAKER_3>And no mention of any trillion-dollar investment in Canada.

00:25:50.916 --> 00:26:03.296

<v SPEAKER_3>So, I've been doing energy for 20 years, not by choice, but because when you get involved with an energy project like LNG, you branch out to so many different areas.

00:26:03.296 --> 00:26:06.856

<v SPEAKER_3>You've got to understand different energy sources.

00:26:07.636 --> 00:26:08.616

<v SPEAKER_3>You've got to understand oil.

00:26:08.616 --> 00:26:10.636

<v SPEAKER_3>You've got to understand electricity.

00:26:10.636 --> 00:26:16.376

<v SPEAKER_3>You've got to understand the market price in terms of global price versus United States price.

00:26:16.376 --> 00:26:18.376

<v SPEAKER_3>You've got to understand all this stuff.

00:26:18.376 --> 00:26:26.196

<v SPEAKER_3>And it's tough for a First Nation who's never been a part of this.

00:26:26.196 --> 00:26:28.516

<v SPEAKER_3>And I put my hand up.

00:26:28.516 --> 00:26:30.836

<v SPEAKER_3>I include myself in that category.

00:26:30.836 --> 00:26:36.536

<v SPEAKER_3>My First Nation has never been involved in forestry, mining, LNG, oil, up until 10 years ago.

00:26:37.776 --> 00:26:40.896

<v SPEAKER_3>And when we were involved, we were just thrown into the mix.

00:26:41.936 --> 00:26:47.096

<v SPEAKER_3>I literally had to read up on what natural gas was.

00:26:47.096 --> 00:26:50.996

<v SPEAKER_3>Even though it was piped into our village for 20 years, I had to read up on what that was.

00:26:50.996 --> 00:26:53.436

<v SPEAKER_3>I had to understand what exports are.

00:26:53.436 --> 00:26:59.616

<v SPEAKER_3>I had to understand what it meant to make it so cold that it turned into a liquid.

00:26:59.616 --> 00:27:02.836

<v SPEAKER_3>I had to understand the safety record of those across the world.

00:27:02.876 --> 00:27:07.116

<v SPEAKER_3>So, when we talk about the First Nations, are they ready to have this conversation?

00:27:07.116 --> 00:27:09.476

<v SPEAKER_3>It's going to depend.

00:27:09.476 --> 00:27:10.856

<v SPEAKER_3>It's going to depend on the region.

00:27:10.856 --> 00:27:13.016

<v SPEAKER_3>It's going to depend on the capacity.

00:27:13.016 --> 00:27:15.536

<v SPEAKER_3>It's going to depend on the province.

00:27:15.536 --> 00:27:21.996

<v SPEAKER_3>Alberta, the First Nations there are so far advanced in terms of their understanding of the business world.

00:27:21.996 --> 00:27:23.536

<v SPEAKER_3>They've been ready for the last 20 years.

00:27:23.536 --> 00:27:24.356

<v SPEAKER_3>They want the oil.

00:27:24.356 --> 00:27:26.576

<v SPEAKER_3>They want the gas.

00:27:26.576 --> 00:27:28.696

<v SPEAKER_3>They understand the processes.

00:27:28.696 --> 00:27:29.776

<v SPEAKER_3>The West Coast and British Columbia?

00:27:31.216 --> 00:27:33.856

<v SPEAKER_3>No.

00:27:33.856 --> 00:27:49.816

<v SPEAKER_3>In fact, I think you'd be really hard pressed to get another major LNG project approved on the West Coast and British Columbia and the Northwest Coast of British Columbia unless they took examples from a band like mine.

00:27:49.816 --> 00:27:54.496

<v SPEAKER_3>You've got to remember Prince Rupert actually declined their major project.

00:27:55.996 --> 00:28:08.536

<v SPEAKER_3>And that would actually would have resulted not only in benefits to Beeson Canada, but it would have actually put a lot of those First Nations in a very good place like my band was.

00:28:08.536 --> 00:28:11.416

<v SPEAKER_3>But now we're talking about good oil.

00:28:11.416 --> 00:28:13.516

<v SPEAKER_3>And that's an even more contentious issue.

00:28:13.596 --> 00:28:17.656

<v SPEAKER_3>And this has got the deal, I'm going to speak on my own behalf here.

00:28:17.656 --> 00:28:22.436

<v SPEAKER_3>This has got more to do with the fear that comes out of ignorance.

00:28:23.976 --> 00:28:25.516

<v SPEAKER_3>That's where it comes from.

00:28:27.116 --> 00:28:39.336

<v SPEAKER_3>But also, you got to tie it in with the corporate world and the political world not understanding the basics of aboriginal rights entitled case law.

00:28:40.656 --> 00:28:42.316

<v SPEAKER_3>I never understand this is undue, right?

00:28:42.316 --> 00:28:44.676

<v SPEAKER_3>I never heard of undue.

00:28:44.676 --> 00:28:45.996

<v SPEAKER_3>Greatest things in sliced bread.

00:28:46.076 --> 00:28:48.616

<v SPEAKER_3>Undue up there, our problems can be solved.

00:28:49.956 --> 00:28:53.996

<v SPEAKER_3>Oh, as Chief Counselor, I opposed undue.

00:28:55.376 --> 00:29:01.476

<v SPEAKER_3>As an MLA, I opposed it, but when I saw the legislation coming to BC and I read it, I thought, you know what?

00:29:01.476 --> 00:29:02.976

<v SPEAKER_3>This is useless.

00:29:02.976 --> 00:29:04.856

<v SPEAKER_3>It doesn't say anything.

00:29:04.856 --> 00:29:13.596

<v SPEAKER_3>If anything, it actually repeats everything that Canada has done for the last 40 years starting with the Constitution, Section 35.

00:29:13.596 --> 00:29:14.156

<v SPEAKER_3>I was wrong.

00:29:15.776 --> 00:29:24.976

<v SPEAKER_3>That other document was so big and so interpretive, the BC government used it for political purposes, for their own political agenda.

00:29:26.296 --> 00:29:27.756

<v SPEAKER_3>And that was a shame.

00:29:28.836 --> 00:29:35.196

<v SPEAKER_3>When the First Nations brought them to court, the government said, well, we never really intended it to be legal.

00:29:35.196 --> 00:29:39.536

<v SPEAKER_3>We intended it to be aspirational, whatever that meant.

00:29:40.716 --> 00:29:53.776

<v SPEAKER_3>But I've been going around now talking about this in terms of the crisis we're in, the energy sovereignty, getting First Nations on board and saying, the courts have already declared a pathway.

00:29:53.776 --> 00:29:56.076

<v SPEAKER_3>They've already said how to do this.

00:29:58.016 --> 00:30:01.656

<v SPEAKER_3>Ottawa and Victoria have outright ignored this.

00:30:03.156 --> 00:30:05.036

<v SPEAKER_3>And who pays for it?

00:30:05.036 --> 00:30:07.236

<v SPEAKER_3>Canada.

00:30:07.236 --> 00:30:07.776

<v SPEAKER_3>Canadians.

00:30:10.756 --> 00:30:17.756

<v SPEAKER_3>You're in a bad spot with the politics now, regardless of what you heard of the good news.

00:30:17.756 --> 00:30:28.136

<v SPEAKER_3>Nobody in Ottawa and government is talking about a pipeline to the West Coast of British Columbia, even though we're the shortest distance to Asia that wants our oil, wants our gas.

00:30:28.136 --> 00:30:28.896

<v SPEAKER_3>They want our energy.

00:30:28.896 --> 00:30:31.116

<v SPEAKER_3>They're begging for it.

00:30:31.116 --> 00:30:33.176

<v SPEAKER_3>Germany came here begging for natural gas.

00:30:33.176 --> 00:30:34.396

<v SPEAKER_3>They went away with the hydrogen deal.

00:30:35.936 --> 00:30:38.556

<v SPEAKER_3>I didn't even know we had hydrogen in Canada.

00:30:39.616 --> 00:30:50.136

<v SPEAKER_3>But Canada, the problems that you're facing right now in terms of the country and our future, everything has been self-inflicted.

00:30:51.336 --> 00:30:52.636

<v SPEAKER_3>You can't blame anybody for this.

00:30:52.636 --> 00:30:55.196

<v SPEAKER_3>You can't blame Trump.

00:30:55.196 --> 00:30:57.736

<v SPEAKER_3>This is all the politics gone amok.

00:30:59.596 --> 00:31:04.216

<v SPEAKER_3>And why I talk like this is because, yes, I'm from Kenemad Village, a small Indian reserve.

00:31:04.216 --> 00:31:06.876

<v SPEAKER_3>I still live there today with my family.

00:31:07.936 --> 00:31:11.716

<v SPEAKER_3>But I've grown to love and appreciate this country.

00:31:11.716 --> 00:31:14.596

<v SPEAKER_3>The free enterprise, the freedoms.

00:31:16.176 --> 00:31:18.096

<v SPEAKER_3>It's actually a pretty good country.

00:31:18.096 --> 00:31:21.256

<v SPEAKER_3>Three quarters of the world would love to live the way we live.

00:31:21.256 --> 00:31:25.956

<v SPEAKER_3>In fact, a lot of your ancestors came here looking for a better future, looking for freedom.

00:31:28.616 --> 00:31:33.336

<v SPEAKER_3>And now we're urinating in the way for what?

00:31:33.336 --> 00:31:34.536

<v SPEAKER_3>For politics.

00:31:35.696 --> 00:31:42.216

<v SPEAKER_3>If anything, I'm appreciative of what Trump did because I thought it was a good wake up call to Canadians.

00:31:43.376 --> 00:31:53.316

<v SPEAKER_3>Not only to figure out what we stand for as a country, but also to give us a wake up lesson on where we stand in the world.

00:31:55.556 --> 00:32:04.016

<v SPEAKER_3>Because we're slowly being pushed into a corner where the United States, Russia and China are going to cover up certain regions of the world and Canada.

00:32:05.156 --> 00:32:09.836

<v SPEAKER_3>You are going to be a participant, but you're not going to be able to influence it unless you get your act together.

00:32:12.616 --> 00:32:13.916

<v SPEAKER_3>All right, that's not for me.

00:32:13.916 --> 00:32:15.476

<v SPEAKER_3>Enjoy those comments.

00:32:17.576 --> 00:32:21.276

<v SPEAKER_4>Hi, I'm Dave Perry, the president and CEO of the Canadian Global Affairs Institute.

00:32:21.276 --> 00:32:23.036

<v SPEAKER_4>I hope you're enjoying Energy Security Cubed.

00:32:23.256 --> 00:32:25.776

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00:32:25.776 --> 00:32:35.356

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00:32:35.356 --> 00:32:40.996

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00:32:40.996 --> 00:32:43.456
<v SPEAKER_4>That's contact at cgai.ca.

00:32:45.356 --> 00:32:49.296
<v SPEAKER_2>And we'll start with a presentation from Jun Nishizawa.

00:32:49.296 --> 00:32:53.576
<v SPEAKER_2>Jun is a visiting fellow at the Institute of Energy Economics, Japan.

00:32:53.576 --> 00:33:00.416
<v SPEAKER_2>He was formerly Executive Vice President and Chief Executive Officer of the Natural Gas Group at Mitsubishi Corporation.

00:33:00.416 --> 00:33:08.296
<v SPEAKER_2>He has had numerous roles in important committees and boards, and he currently acts in advisory roles in major Japanese energy institutions.

00:33:08.296 --> 00:33:12.816
<v SPEAKER_2>So please join me in welcoming Nishizawa-san.

00:33:14.936 --> 00:33:17.056
<v SPEAKER_5>Well, thank you, Joe.

00:33:17.056 --> 00:33:17.256
<v SPEAKER_5>Mr.

00:33:17.256 --> 00:33:20.036
<v SPEAKER_5>David Perry, Mr.

00:33:20.036 --> 00:33:24.696
<v SPEAKER_5>Dan Reck-Masters, and Ellis Ross.

00:33:24.696 --> 00:33:27.756
<v SPEAKER_5>I was very much moved by his speech.

00:33:27.756 --> 00:33:29.516
<v SPEAKER_5>Anyway.

00:33:29.516 --> 00:33:34.296
<v SPEAKER_5>Well, this 20th, yes, and everyone, good morning.

00:33:34.296 --> 00:33:38.116
<v SPEAKER_5>It is my great honor to be here today.

00:33:38.116 --> 00:33:42.916
<v SPEAKER_5>First, I'd like to express my sincere gratitude to CGAI for inviting me as a speaker.

00:33:43.916 --> 00:33:48.256

<v SPEAKER_5>Also, I'd like to extend my special thanks to Shannon Joseph.

00:33:49.296 --> 00:33:52.876

<v SPEAKER_5>She's Chair of Energy for a Secure Future.

00:33:52.876 --> 00:33:56.076

<v SPEAKER_5>She kindly guided me to this wonderful opportunity.

00:33:56.076 --> 00:33:57.276

<v SPEAKER_5>Thank you very much.

00:33:57.276 --> 00:33:58.476

<v SPEAKER_3>Yes.

00:33:58.476 --> 00:34:06.316

<v SPEAKER_5>Well, today I'm sharing my personal view about these four points, which may sound a little bit controversial.

00:34:07.476 --> 00:34:18.836

<v SPEAKER_5>So please, let me clarify at the beginning that the view I share with you today represents neither IJ nor Mitsubishi Corporation where I served until last year.

00:34:18.836 --> 00:34:29.296

<v SPEAKER_5>Now, on the first point, let me begin by highlighting a stock but often overlooked reality, and that is energy poverty issue in global.

00:34:29.296 --> 00:34:34.936

<v SPEAKER_5>And this has been a theme I have spoken about consistently over the past years.

00:34:34.936 --> 00:34:35.076

<v SPEAKER_5>Why?

00:34:36.116 --> 00:34:48.116

<v SPEAKER_5>Because this issue poses a moral, humanitarian and fundamental question that global laws cannot ignore as we pursue decarbonization and ESG goals.

00:34:48.116 --> 00:34:51.396

<v SPEAKER_5>You may have seen images like it was before.

00:34:51.396 --> 00:35:02.996

<v SPEAKER_5>It is still shocking that nearly 2.5 billion people, roughly 30% of the world's population do not have access to clean cooking, and 60% of them live in Asia.

00:35:04.016 --> 00:35:18.016

<v SPEAKER_5>They rely on firewood, coal, charcoal, trash, and even animal dung, but in primitive cook stoves that are terribly inefficient and thus highly polluting the household air by toxic smoke.

00:35:18.016 --> 00:35:25.836

<v SPEAKER_5>And according to WHO, approximately 3 million people die prematurely every year by this problem.

00:35:25.836 --> 00:35:36.696

<v SPEAKER_5>And I want you to remember that the world lost more than 6 million people in 2021 and 2 by COVID, and that triggered global panic.

00:35:36.696 --> 00:35:45.196

<v SPEAKER_5>Meanwhile, this silent crisis demand 3 million lives year after year with fireless attention from the world.

00:35:45.196 --> 00:35:52.716

<v SPEAKER_5>So what do you think is the most immediate and realistic way to save these lives?

00:35:52.716 --> 00:36:05.816

<v SPEAKER_5>The answer is neither hydrogen, solar power, nor MPG as it was debated between European, between yours and other countries, which is 20 ministerial meeting early this month.

00:36:05.816 --> 00:36:07.416

<v SPEAKER_5>But the answer is simple.

00:36:07.416 --> 00:36:13.396

<v SPEAKER_5>Just distribute steel based cooking stoves to replace existing ones.

00:36:13.576 --> 00:36:24.436

<v SPEAKER_5>It is that the heat efficiency of such steel based stoves are three times higher on average, and they are available at the cost of US \$20 or so.

00:36:24.436 --> 00:36:29.816

<v SPEAKER_5>So neither solar power facility nor LPG gas are required.

00:36:29.816 --> 00:36:37.396

<v SPEAKER_5>Same if you will, available for all three, such as charcoal, firewood, animal dung, et cetera, can be used.

00:36:37.396 --> 00:36:51.236

<v SPEAKER_5>If we can deliver 500 million stoves for 2.5 billion people, namely one stove per family of five people, we could reduce

household air pollution by two-thirds and save countless lives.

00:36:51.236 --> 00:36:54.396

<v SPEAKER_5>But the benefits don't stop there.

00:36:54.396 --> 00:36:58.476

<v SPEAKER_5>Each stove will reduce its CO2 emissions by about three tons per year.

00:36:58.476 --> 00:37:05.576

<v SPEAKER_5>That means 500 million stoves could cut global emissions by about 1.5 billion tons annually.

00:37:05.576 --> 00:37:14.196

<v SPEAKER_5>This is roughly equal to the combined emissions of Japan and Korea or more than double of that of Canada.

00:37:14.196 --> 00:37:22.596

<v SPEAKER_5>And all of this could be achieved for just 10 billion US dollars, namely 20 times 500 million stoves.

00:37:22.596 --> 00:37:32.696

<v SPEAKER_5>Of course, 10 billion is something, but it is maybe a fraction of what global nodes currently invest in advanced green technologies.

00:37:32.696 --> 00:37:42.056

<v SPEAKER_5>I'm not saying we should stop investing in green innovation, but I am saying we need to realize two things in pursuing global decarbonization.

00:37:42.056 --> 00:37:45.696

<v SPEAKER_5>The first, the reality of global south.

00:37:45.696 --> 00:37:56.076

<v SPEAKER_5>And second, there may be something like this, that global north should take actions before, or at least in parallel with the investing green innovation.

00:37:56.696 --> 00:38:02.516

<v SPEAKER_5>Well, look at this familiar chart showing cumulative CO2 emissions since the mid 18th century.

00:38:02.516 --> 00:38:10.816

<v SPEAKER_5>And put aside China and India, a very few global south countries are historically responsible for today's climate crisis.

00:38:10.816 --> 00:38:17.836

<v SPEAKER_5>Even for China and India, power and capital emissions remain far below those of global north.

00:38:17.836 --> 00:38:30.376

<v SPEAKER_5>And this brings us to a critical message that a rushed pursuit or radical enforcement of net zero emission could even worsen the divide between the global north and south.

00:38:30.376 --> 00:38:39.556

<v SPEAKER_5>And it would ultimately damage the political stability of the world, as well as causing delay of global de-carbonization.

00:38:39.556 --> 00:38:45.576

<v SPEAKER_5>Now I'd like to catch on one more issue that Indo-Pacific countries are facing.

00:38:45.576 --> 00:38:52.396

<v SPEAKER_5>This shows that most countries in Indo-Pacific are not so blessed by solar and wind resources.

00:38:55.236 --> 00:39:04.396

<v SPEAKER_5>Renewable is, of course, one of the most realistic engines that can improve energy self-sufficiency rate, SSR.

00:39:04.396 --> 00:39:08.436

<v SPEAKER_5>But the resource and the geographic conditions vary on the Earth.

00:39:08.436 --> 00:39:13.336

<v SPEAKER_5>And they are not necessarily good in Indo-Pacific, including Japan.

00:39:13.336 --> 00:39:29.396

<v SPEAKER_5>Moreover, renewable power, due to its nature of intermittency, cannot be a baseload without the backup power, such as from gas-fired power or long-hour battery that is still not available at affordable costs.

00:39:29.396 --> 00:39:37.376

<v SPEAKER_5>These are what we need to recognize in discussing the realistic decarbonization and energy security of Indo-Pacific.

00:39:37.376 --> 00:39:41.736

<v SPEAKER_5>Now let's turn to the future and output for the Indo-Pacific.

00:39:41.736 --> 00:39:50.536

<v SPEAKER_5>The left chart shows energy demand projected for China, India, ASEAN, Japan, Korea, and Taiwan from the top.

00:39:50.536 --> 00:39:57.856

<v SPEAKER_5>Japan's demographic decline started more than 10 years

ago and not of China a few years ago.

00:39:58.876 --> 00:40:05.996

<v SPEAKER_5>Due to this reason, primary energy demand of both Japan and China are projected to decline towards future.

00:40:05.996 --> 00:40:12.576

<v SPEAKER_5>But in contrast, the demand in India and Southeast Asia will rise sharply, driven by population and economic growth.

00:40:13.656 --> 00:40:19.456

<v SPEAKER_5>And the increase in India and Southeast Asia far exceeds the decline of Japan and China.

00:40:19.456 --> 00:40:27.536

<v SPEAKER_5>And also remember this graph definitely includes other major growing economies in the Indo-Pacific, such as Pakistan and Bangladesh.

00:40:28.656 --> 00:40:39.236

<v SPEAKER_5>Now, turning our eyes to power demand on your right hand graph, across the Indo-Pacific, including China, is focused to increase to our future.

00:40:39.236 --> 00:40:41.356

<v SPEAKER_5>Well, Japan looks almost flat.

00:40:41.356 --> 00:40:46.236

<v SPEAKER_5>In fact, until last year, the power demand of Japan was focused to continue to decline.

00:40:46.236 --> 00:40:54.616

<v SPEAKER_5>But this narrative was changed by Japanese government this year to accept more power demand in the future.

00:40:54.616 --> 00:40:59.576

<v SPEAKER_5>In case of China, this significant increase is primarily due to electrification.

00:41:00.096 --> 00:41:11.116

<v SPEAKER_5>And in case of Japan, this change is more dependent on the newly emerging power demand for data center and AI-related industries and consumptions.

00:41:11.116 --> 00:41:22.056

<v SPEAKER_5>This is a big trend that you can see everywhere in the world nowadays, and everyone is becoming more desperate to secure more and possibly cleaner power.

00:41:22.056 --> 00:41:39.016

<v SPEAKER_5>In fact, today, hyperscalers in the United States increasingly accept not just green and nuclear power, but also gas-fired power in some cases, even without CCS, to meet soaring and immediate demand.

00:41:39.016 --> 00:41:57.756

<v SPEAKER_5>And I believe this change is not so much to do with the energy policy change by Trump administration, but this shift is simply because for any country, it is getting increasingly difficult to survive with no sufficient power in the era of AI, regardless of the color of the power.

00:41:57.816 --> 00:42:06.696

<v SPEAKER_5>Okay, before moving to LNG demand, which is one of the major topics today, let's look at the energy SSR in Indo-Pacific.

00:42:06.696 --> 00:42:11.516

<v SPEAKER_5>To be honest, the graph on the left was a little surprising to me.

00:42:11.516 --> 00:42:19.096

<v SPEAKER_5>Because since my teenager days, my mind has taken it for granted that Japan's SSR is somewhere around 10 or 20 percent.

00:42:19.096 --> 00:42:24.996

<v SPEAKER_5>But Japan used to have nearly 60 percent of energy self-sufficiency rate in 1960.

00:42:25.596 --> 00:42:30.316

<v SPEAKER_5>And it sharply declined during that decade, down to 10 percent only.

00:42:30.316 --> 00:42:40.116

<v SPEAKER_5>This was primarily due to the shift from coal to oil, along with economical and environmental reasons, as well as depletion of domestic coal resource.

00:42:40.116 --> 00:42:46.756

<v SPEAKER_5>Then Japan started to develop nuclear power, which contributed a lot to push up SSR to 20 percent.

00:42:46.756 --> 00:42:53.836

<v SPEAKER_5>But again, due to Fukushima, it declined below 10 percent, and it remains as low as 13 percent as of last year.

00:42:55.336 --> 00:43:01.176

<v SPEAKER_5>Look at the other countries in the Indo-Pacific below USA on the right graph.

00:43:01.176 --> 00:43:06.336

<v SPEAKER_5>All countries other than Indonesia has less than 100 percent SSR.

00:43:06.336 --> 00:43:15.236

<v SPEAKER_5>I feel that what is taking place now in Indo-Pacific countries is same as what happened in Japan in 1960s.

00:43:15.296 --> 00:43:30.216

<v SPEAKER_5>If coal is a domestic input, cannot be an option for environmental reasons or whatsoever, and if nuclear and renewables are not immediately practical option, they need to rely on LNG.

00:43:30.216 --> 00:43:41.116

<v SPEAKER_5>And this indicates that their SSL will continue to decline, and therefore Indo-Pacific really needs to diversify LNG source of supply, seeking energy security.

00:43:41.876 --> 00:43:46.756

<v SPEAKER_5>Now, let's look at the focus for LNG demand in the future.

00:43:46.756 --> 00:44:00.256

<v SPEAKER_5>As I've shown in the graph on your left, global energy demand in 2040 is a little over 400 million tons, and this number is projected to reach nearly 700 million in 2040.

00:44:00.256 --> 00:44:07.076

<v SPEAKER_5>And importantly, most of the increase comes from Indo-Pacific, as shown in the graph on your right.

00:44:07.076 --> 00:44:20.216

<v SPEAKER_5>And towards 2040, the demand of Europe, Japan and Korea will be stable, but China and India will be nearly double, and the rest of Asia will be three to four times bigger.

00:44:20.216 --> 00:44:27.696

<v SPEAKER_5>And here comes a big question to say, who the supplier can be to fill up the supply demand gap in the future?

00:44:28.896 --> 00:44:37.336

<v SPEAKER_5>Traditionally, more than 40% of the current global energy supply comes from just two countries, the United States and Qatar.

00:44:38.136 --> 00:44:46.996

<v SPEAKER_5>But what is more crucial is that energy supply from Australia and South Asia could decline significantly from the current level.

00:44:46.996 --> 00:44:53.576

<v SPEAKER_5>And as a result, by 2040, US and Qatar's combined share

could reach 60 to 70%.

00:44:54.636 --> 00:44:57.716

<v SPEAKER_5>I will come back to this while we discuss Canada's role.

00:44:57.716 --> 00:45:03.836

<v SPEAKER_5>But before rushing to that, let's examine Japan's energy policy trajectory.

00:45:03.836 --> 00:45:07.176

<v SPEAKER_5>This may offer important lessons for the Indo-Pacific regions.

00:45:08.016 --> 00:45:15.756

<v SPEAKER_5>Well, Japan's basic energy plans are updated regularly to chart the course of its power generation mix target in the future.

00:45:15.756 --> 00:45:27.856

<v SPEAKER_5>In 2010, one year before Fukushima disaster, as you can see, nuclear and renewables provided 41% of Japan's electricity as an actual record.

00:45:27.856 --> 00:45:40.156

<v SPEAKER_5>The new target in the third basic plan announced that year, 2010, was to raise that to 70% of which 50% nuclear and 20% of renewables by 2030.

00:45:40.156 --> 00:45:44.416

<v SPEAKER_5>Japan was seriously aiming to become nuclear power nation.

00:45:44.416 --> 00:45:48.496

<v SPEAKER_5>Then came the 2011 earthquake and tsunami in Fukushima.

00:45:48.496 --> 00:45:54.496

<v SPEAKER_5>The scale of the tsunami was beyond the imagination, and tsunami tragically claimed 20,000 lives.

00:45:54.496 --> 00:45:57.856

<v SPEAKER_5>And of course, this was a huge shock for every Japanese.

00:45:57.856 --> 00:46:11.316

<v SPEAKER_5>And moreover, the meltdown and associated explosion occurred because seawater by tsunami disabled backup power systems placed at the underground level of Fukushima power plant.

00:46:11.316 --> 00:46:15.956

<v SPEAKER_5>General public and politicians and all the stakeholders reacted very severely.

00:46:15.956 --> 00:46:20.436

<v SPEAKER_5>And the safety rules by reorganized NRC became very strict.

00:46:20.436 --> 00:46:28.816

<v SPEAKER_5>And as a result of Japan's nearly 60 nuclear units in 2011, 24 units were permanently shut down.

00:46:29.196 --> 00:46:36.676

<v SPEAKER_5>And as of today, only about 14 units are operational, providing just 9 to 10% of Japan's electricity.

00:46:36.676 --> 00:46:47.036

<v SPEAKER_5>And many units are still under safety review or waiting for the start of safety review after 14 years from the accident.

00:46:47.036 --> 00:47:01.956

<v SPEAKER_5>But as a matter of fact, the meltdown and explosion would have been prevented if the backup power generator was installed at more elevated place or if it was installed in waterproof facility.

00:47:01.956 --> 00:47:14.916

<v SPEAKER_5>I'm not going to say it was simple facility design program, but I don't think it was as complicated as having only 14 units under operation after 14 years.

00:47:14.956 --> 00:47:25.256

<v SPEAKER_5>Japan has spent over 200 billion US dollars until today for purchasing additional fossil fuels such as energy and coal.

00:47:25.256 --> 00:47:37.396

<v SPEAKER_5>Well, last year, Japanese government announced the seventh basic energy plan, a plan that targets as much as 50% by renewable and only 20% by nuclear in 2040.

00:47:37.396 --> 00:47:41.396

<v SPEAKER_5>But this target is already facing major constraints.

00:47:41.396 --> 00:47:53.516

<v SPEAKER_5>After Fukushima, Japanese government aggressively started to support solar power widely across very limited land of Japan and imposed the renewable surges to consumers.

00:47:53.516 --> 00:48:00.736

<v SPEAKER_5>And as a result, solar power increased, but there is no sufficient rule left for additional solar power.

00:48:00.736 --> 00:48:05.116

<v SPEAKER_5>And the Japanese are suffering from renewable surges amid inflation.

00:48:05.116 --> 00:48:10.076

<v SPEAKER_5>The surges is reaching 20 billion US dollars every year as of today.

00:48:11.196 --> 00:48:27.676

<v SPEAKER_5>The remaining option to increase renewable energy is offshore wind power, but it depends heavily on expensive floating-type wind power in deep sea, which is facing with very strong headwinds due to soaring costs and technical challenges.

00:48:28.856 --> 00:48:34.116

<v SPEAKER_5>Okay, now, what is the best energy mix for Japan and in Pacific countries?

00:48:34.776 --> 00:48:43.516

<v SPEAKER_5>While the power is not everything has energy, I would like to say Japan should once again go back to 2010, one year before Fukushima.

00:48:43.516 --> 00:48:48.416

<v SPEAKER_5>Japan should remember why Japan aims to become a nuclear power nation before.

00:48:48.416 --> 00:48:59.156

<v SPEAKER_5>Because for the country like Japan, that doesn't have natural resources, has no other options but relying on nuclear to improve energy dependency.

00:48:59.156 --> 00:49:02.576

<v SPEAKER_5>This is true for most of Indo-Pacific countries.

00:49:02.576 --> 00:49:15.176

<v SPEAKER_5>In my view, the most realistic and decarbonization compliant energy mix for Japan and Indo-Pacific is number one, nuclear, and number two, maybe combination of energy and renewables.

00:49:15.216 --> 00:49:19.256

<v SPEAKER_5>But I like to say energy number two and the renewable number three.

00:49:19.256 --> 00:49:35.356

<v SPEAKER_5>Well, so try to develop nuclear power plants as much as possible with fair and reasonable regulations and technical assessment, and do best to increase renewable that don't go too far, because it is unstable and needs backup of energy power.

00:49:35.356 --> 00:49:46.256

<v SPEAKER_5>Accelerate the shift from coal to energy, but keep long-term contract while price formula linked with oil and gas index.

00:49:46.256 --> 00:49:54.016

<v SPEAKER_5>This is very important to prepare for the heavy price hike as Europe experienced after Russian invasion to decline.

00:49:54.016 --> 00:50:04.356

<v SPEAKER_5>For your reference, Japanese power and gas prices increased only by about 30 percent after Russian invasion, while those of Europe soared two to three times.

00:50:04.356 --> 00:50:08.216

<v SPEAKER_5>This difference came from whether to have long-term energy contract or not.

00:50:09.236 --> 00:50:22.616

<v SPEAKER_5>And I even say, don't completely abandon investing in coal supply value chain and clean coal technologies, because energy alone cannot be the final backstop in global energy crisis.

00:50:22.616 --> 00:50:41.236

<v SPEAKER_5>I know that this is not the idealistic targets of the past, but if we consider a pragmatic balance that reflects energy security, economics and environmental realities, we should not recklessly chase the fairly tale originated by Paris Agreement.

00:50:41.236 --> 00:50:43.236

<v SPEAKER_5>Okay, let me now talk to Canada.

00:50:43.236 --> 00:50:46.516

<v SPEAKER_5>In my view, Canada has two major roles to play.

00:50:46.516 --> 00:50:50.876

<v SPEAKER_5>The first, nuclear, particularly SMR.

00:50:50.876 --> 00:50:58.376

<v SPEAKER_5>Well, Canada has long positioned nuclear as a core energy source supported by its CanDo technology.

00:50:58.376 --> 00:51:09.536

<v SPEAKER_5>While no new CanDo reactors have been under construction since early 90s, life extension and re-travel program has been under way.

00:51:09.536 --> 00:51:17.976

<v SPEAKER_5>Also, Canada has successfully exported CanDo to countries such as Korea, China, Romania, Argentina and India.

00:51:18.036 --> 00:51:33.396

<v SPEAKER_5>Okay, with this historical background about nuclear power generation, Canada, Canadian government, both federal and state and

other stakeholders, including Ontario power generation, have started the challenges of SMR projects in Canada.

00:51:33.396 --> 00:51:37.016

<v SPEAKER_5>And if it is realized, it will be the first SMR project in the West.

00:51:37.016 --> 00:51:49.536

<v SPEAKER_5>And I am sure that the experience and the lessons of Canada, their share, will open up for many countries in the Indo-Pacific to introduce SMR as a pragmatic solution.

00:51:49.536 --> 00:51:54.976

<v SPEAKER_5>This show shows the projections toward future nuclear power in Asia by IAEA.

00:51:54.976 --> 00:51:59.376

<v SPEAKER_5>A low case and a high case are shown with a considerable gap between two.

00:51:59.376 --> 00:52:06.716

<v SPEAKER_5>And in high case, approximately a quarter of the capacity increase towards 2050 will be by SMR.

00:52:06.716 --> 00:52:10.156

<v SPEAKER_5>While in low case, SMR accounts for only 6%.

00:52:10.776 --> 00:52:25.736

<v SPEAKER_5>So this tells how the successful development of SMR technologies is important and how the future leadership of Canada affects the growth of nuclear power nations in both Indo-Pacific, nuclear power Indo-Pacific.

00:52:25.796 --> 00:52:27.496

<v SPEAKER_5>And second is energy.

00:52:27.496 --> 00:52:42.496

<v SPEAKER_5>As you are aware, natural gas may no longer be seen as traditional energy, but it has rather been gradually defined as a destination energy, which is inextensible for energy security and realistic decarbonization.

00:52:42.496 --> 00:52:51.676

<v SPEAKER_5>And consequently, as I mentioned before, LNG demand is surging from 400 million tons as of today to 700 million tons in one and a half decades to come.

00:52:52.716 --> 00:52:59.216

<v SPEAKER_5>However, the Indo-Pacific energy market face is growing and something is coming from these strategic questions.

00:52:59.216 --> 00:53:13.056

<v SPEAKER_5>And I am going to, I'm not going to read and answer to all these questions, but one thing I'm sure is, it is vitally important that Canada step forward to energy stability of Indo-Pacific region.

00:53:13.056 --> 00:53:30.336

<v SPEAKER_5>As all of you know, Energy Canada 21 shipped its first cargo in summer this year, and train 2 will soon join, and Energy Canada will supply 14 million ton of energy per year, symbolizing a new energy bridge across, from west coast of Canada to Indo-Pacific.

00:53:30.336 --> 00:53:44.456

<v SPEAKER_5>And Canada's indigenous communities, especially Haizawa Nation and government industry stakeholders, played a central role in this journey, which began for me personally back in 2009 at the Mitsubishi Corporation.

00:53:44.456 --> 00:53:51.456

<v SPEAKER_5>We signed initial MOU for Joint Development Agreement, with Shell and Korean Gas Corporation, that year.

00:53:51.456 --> 00:53:54.296

<v SPEAKER_5>And later, Chinese giant CNBC joined.

00:53:54.296 --> 00:53:59.436

<v SPEAKER_5>And then, just before MOU, one year before MOU, Malaysian giant Petronas joined.

00:53:59.436 --> 00:54:03.916

<v SPEAKER_5>And MOU was announced in 2018 by five parties.

00:54:03.916 --> 00:54:07.056

<v SPEAKER_5>That was nine years after MOU.

00:54:07.096 --> 00:54:12.356

<v SPEAKER_5>And we celebrated, if I may, with the attendance of them prime ministers just in total.

00:54:12.356 --> 00:54:18.136

<v SPEAKER_5>And it took surprisingly seven years from there to see the first cargo departing from Kitikawa.

00:54:18.136 --> 00:54:30.756

<v SPEAKER_5>The world today, even over 16 years, from MOU to the first cargo was long in the dumping, marked by regulatory challenges and cost increases and anti-project protests.

00:54:31.876 --> 00:54:34.976

<v SPEAKER_5>But now, Canada has the chance to scale even farther.

00:54:35.856 --> 00:54:45.576

<v SPEAKER_5>Well, Canada has a historic opportunity to become a reliable energy supplier to the Indo-Pacific next to the United States and Qatar by 2040.

00:54:45.576 --> 00:54:53.396

<v SPEAKER_5>This is the defining moment for Canada to become a cornerstone of energy security and decarbonization in the region.

00:54:53.396 --> 00:55:00.456

<v SPEAKER_5>And all these projects, including expansion of Energy Canada, could produce nearly 50 million tons of energy.

00:55:00.456 --> 00:55:04.016

<v SPEAKER_5>But this time, we cannot afford to wait another 16 years.

00:55:04.856 --> 00:55:09.956

<v SPEAKER_5>US and Qatar are strong competitors who are willing to dominate the market share.

00:55:09.956 --> 00:55:13.396

<v SPEAKER_5>Even Russia could come back for subject to end of war.

00:55:13.396 --> 00:55:19.116

<v SPEAKER_5>They are, today, come back the most competitive in price and logistics and speed.

00:55:19.116 --> 00:55:27.036

<v SPEAKER_5>So I urge Canadian leaders and citizens alike, don't waste vast gasses sitting underground in West Canada.

00:55:27.036 --> 00:55:29.756

<v SPEAKER_5>Indo-Pacific needs your gasses.

00:55:29.756 --> 00:55:34.356

<v SPEAKER_5>Unite across sectors, move faster and embrace the opportunity.

00:55:34.356 --> 00:55:38.036

<v SPEAKER_5>Indo-Pacific is a world growth engine.

00:55:38.036 --> 00:55:44.916

<v SPEAKER_5>If we fail to secure its energy future, we risk denying the global fight against climate change.

00:55:44.916 --> 00:55:50.496

<v SPEAKER_5>It may even trigger the political, economic and ideological divide of Indo-Pacific countries.

00:55:51.456 --> 00:55:58.236

<v SPEAKER_5>Late Japanese Prime Minister Shinzo Abe led the initiative of FOIP, Free and Open Indo-Pacific.

00:55:58.236 --> 00:56:09.776

<v SPEAKER_5>And I believe that our new Prime Minister Sanae Takaichi, the first female Prime Minister in your history, inaugurated just a week ago, will surely inherit this initiative.

00:56:09.776 --> 00:56:19.336

<v SPEAKER_5>Let's work together, Canada, Japan and all our partners to build a balanced, secure and sustainable energy loop with this dynamic region.

00:56:19.336 --> 00:56:19.936

<v SPEAKER_1>Thank you very much.

00:56:24.616 --> 00:56:30.736

<v SPEAKER_1>Thanks everyone for listening to this episode of Energy Security Cubed on the Canadian Global Affairs Podcast Network.

00:56:30.736 --> 00:56:35.256

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00:56:35.256 --> 00:56:37.436

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00:56:37.436 --> 00:56:42.676

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00:56:42.676 --> 00:56:49.356

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00:56:50.376 --> 00:56:53.936

<v SPEAKER_1>Energy Security Cubed is brought to you by our team at CGAI.

00:56:53.936 --> 00:56:59.016

<v SPEAKER_1>Thanks go out to our producer, Joe Calnan and to Drew Phillips for providing our music.

00:56:59.016 --> 00:56:59.916

<v SPEAKER_1>I'm Kelly Ogle.

00:56:59.916 --> 00:57:01.936

<v SPEAKER_1>Thanks for joining us on Energy Security Cubed.