



## Security and Prosperity Partnership (SPP) & PETROLEUM

Prime Minister Stephen Harper calls Canada “a new energy superpower”. He boasts of “an ocean of oil-soaked sand under the muskeg of northern Alberta” and celebrates how “policymakers in Washington [and] investors in Houston and New York talk about Canada and continental energy security in the same breath.”

The USA’s voracious appetite for petroleum and its obsession with national security are at the core of the Security and Prosperity Partnership (SPP) initiated by President George W. Bush, Mexican President Vicente Fox and Prime Minister Paul Martin in Waco Texas in March of 2005.

### The SPP - Ensuring Energy Security for the USA!

Beneath a thin veneer of talk about “North American” energy security, the real purpose of the SPP is to mobilize Mexican and Canadian energy resources to enhance US security.

An SPP-sponsored workshop on the tar sands held in Houston in January of 2006 envisioned an increase in tar sands production from around one million barrels a day currently to five million barrels by 2030 with most of the increase exported to the USA. Radio-Canada reports that Canadian officials promised to streamline environmental approvals to facilitate tar sands expansion despite the ecological and human damage described in the boxes below and on page 2.



#### Costly Tar Sands

An SPP survey says the tar sands contain 175 billion barrels of proven reserves – almost as much as Saudi Arabia’s reserves. Another 2.5 trillion barrels of potential tar sands resources await new technological developments. Federal subsidies that cost \$1.2 billion from 1992-2002 are no longer justified with oil at US\$ 65 a barrel

To extract **just one barrel** of oil corporations:

- \***mine** 2 to 4 tonnes of tar sands and burn 250 cubic feet of natural gas or use 1,000 cubic feet of gas to inject steam underground;
- \*then **burn** another 500 cubic feet of gas to upgrade bitumen into synthetic oil;
- \***use** 2 to 4 1/2 barrels of water – withdrawals from Athabaska River becoming unsustainable
- \***release** 2½ times as much CO<sub>2</sub> as conventional oil production.

## Putting Canadians at Risk

Harper's enthusiasm to develop the tar sands for export ignores Canada's own vulnerability. At the end of 2004 Canada had just 8 years worth of conventional oil reserves and 9 years worth of natural gas. While Quebec and the Atlantic provinces depend on insecure imports to meet 90% of their oil needs and Ontario for 40% of its supplies, Harper has no plan to ship western crude to eastern Canada. Instead of conserving these resources for future generations, Harper favours using scarce and cleaner-burning natural gas to extract dirtier synthetic oil from the tar sands.

The SPP builds on the privileged access to Canada's natural resources already accorded to the US under NAFTA. NAFTA restricts Canada's ability to conserve scarce non-renewable hydrocarbons for the transition to a low-carbon economy. Article 605 of NAFTA obliges Canada, but not Mexico, to continue exporting non-renewable hydrocarbons to the US in the same proportion of total supply as was sold to them over the three previous years, even if these exports lead to domestic shortages.

### Risks to the Environment

- The tar sands are already the largest contributor to the growth of greenhouse gas emissions in Canada.
- Tar sands expansion would virtually preclude meeting Canada's Kyoto commitments to slow climate change.
- If expansion continues emissions of greenhouse gases will rise 4.5 to 5.5 times by 2020 depending on technological improvements in discharge containment.
- Toxic tailing ponds from tar sands mining covering 50 square kilometres of Northern Alberta are visible from outer space.

### Risks to People's Health

- Aboriginal communities living down stream from the tar sands have very high cancer rates.
- Five of the 1,200 residents of Fort Chipewyan have died from a rare cancer of the bile duct which normally affects only one in 100,000 people.

### Dangerous LNG Terminals

Mexico and Canada are expected to serve as points of entry for Liquefied Natural Gas (LNG) destined for US consumption with re-gasification terminals built in Baja California, New Brunswick and possibly Quebec rather than in the USA where there is strong opposition to LNG terminals for fear of explosions.

## **What this means for Mexico**

Mexico's conventional oil reserves are also in decline, having fallen to just 11 years worth of production at the end of 2006. More oil is expected to lie far beneath the Gulf of Mexico.

Felipe Calderon, the dubious "winner" of Mexico's fraud-filled 2006 presidential election, is promoting foreign investment in oil extraction even if it means changing Mexico's constitution which gives exclusive jurisdiction to PEMEX, the state oil company nationalized in 1938.

During the Presidency of Vicente Fox (2000 to 2006) Halliburton, US Vice-president Dick Cheney's old firm notorious for profiteering from the "reconstruction" of Iraq, obtained 159 contracts worth US\$1.2 billion for services to PEMEX.

Now Calderon is encouraging transnational oil companies to engage in joint ventures with PEMEX to drill for oil in deep waters in the Gulf of Mexico. More private investment in the refining sector and pipelines will soon follow.

Calderon is also co-operating with the Bush administration's plans to undercut the power of the Organization of Petroleum Exporting Countries by refusing to align Mexican export prices and quotas with OPEC policies.

## **Oil Corporations Play Hardball with Newfoundland**

The government of Newfoundland and Labrador is engaged in tough negotiations with a consortium led by Chevron and Exxon Mobil over the development of the offshore Hebron oil field. Last year Newfoundland was close to a deal allowing the province to take a 4.9% equity interest in the project. Then the companies backed away.

The Harper government has refused Newfoundland's requests to pass "use it or lose it" legislation that would take away the companies' rights to develop the Hebron field if they fail to come to terms with the province.

The corporations' bargaining power is enhanced by their ability to sue under NAFTA's investment chapter for compensation if any government actions deprive them of expected profits.

Reg Anstey, President of the Newfoundland and Labrador Federation of Labour, insists that Newfoundlanders must stand up to the companies to win their fair share of the value of the offshore oil while protecting the marine environment since "the oil industry is but a foot print in time while the fishery is forever."

## Who is making Decisions?



At the second SPP summit in Cancun in March of 2006, Presidents Bush and Fox and Prime Minister Harper established a new tri-national business advisory group, *the North American Competitiveness Council* (NACC).

Canadian appointees to this Council include the President of tar sands operator Suncor and are all drawn from the Canadian Council of Chief Executives, representing the 150 largest corporations in Canada, many US-owned. This business elite has privileged access to government leaders who implement SPP policies by executive orders bypassing legislatures.

The first NACC report recommends that Canada grant Mexican workers temporary permits to work in the tar sands. Needless to say no Canadian or Mexican trade unions are being consulted. The NACC calls for a profound restructuring of PEMEX, spinning off some of its natural gas operations.

## There are Better Alternatives

**Rather than acting as colonies subservient to US interests, Canada and Mexico must develop their own national energy policies based on conservation of existing reserves and sustainable development of renewable alternatives**



*Common Frontiers is a network of Canadian organizations from different sectors working with others in the Americas to resist 'free trade' and build new trade alternatives.*

[www.commonfrontiers.ca](http://www.commonfrontiers.ca)

### What You Can Do

- Pay attention to what our government and business leaders are up to and elect leaders who will fight for Canadian sovereignty
- Pressure our governments at all levels to use their purchasing power to create and maintain local jobs and strengthen domestic markets
- Mobilize for the '3 amigos' SPP meeting in Canada August 21-22 bringing Bush and Calderon to meet with the Prime Minister at Montebello, Quebec.
- Support worker-run factories in the Americas. <http://market.the-workingworld.org/>
- Learn more. Some websites to check out for more information: [www.policyalternatives.ca](http://www.policyalternatives.ca); [www.kairoscanada.org](http://www.kairoscanada.org); [www.canadians.org](http://www.canadians.org); [www.asc-hsa.org](http://www.asc-hsa.org) (click on English).