



## News Release

# Business leaders say resolving Alberta's landlocked resources, economic woes, requires downstream diversification

**EDMONTON, ALBERTA**—February 13, 2019—With the fallout from the pipeline access crisis still plaguing Alberta, business leaders from Resource Diversification Council (RDC) are calling for a sustainable and collaborative plan to address our landlocked resource problem. They say a robust Alberta downstream development strategy is the best way to improve market access for resources, reduce revenue volatility, sustain employment, and grow our economy from existing strengths.

As the upstream market struggles with layoffs and low margins, Alberta's value-added energy industries are steadily attracting investment. In the last few years, over fifteen billion in private capital has flowed to RDC member projects, growing Alberta's economy from within the energy sector.

"With our resources and people, we have what it takes right here in Alberta to secure a prosperous future," says David Chappell, Chair of the Resource Diversification Council. "One long-term solution to Alberta's market access issue is to take these strengths and pursue energy processing and refining industries beyond, and in addition to, pipelines. Developing these industries is in our control. We don't have to wait for anybody else."

Value-added diversification involves turning oil and gas into other products like cleaner burning fuels, recyclable plastics, clothing, medical devices, de-icing fluid, detergents, and fertilizers. This trillion-dollar global industry is poised for explosive growth, accounting for one-third to one-half of world oil and gas growth demand by 2050. Alberta's abundant resources are feedstock to these industries, enabling Alberta to become a global leader in downstream energy diversification, an industry that is already fueling growth in Alberta's Industrial Heartland, Joffre, and Medicine Hat.

Despite the recent success at attracting investment to Alberta, over ninety-eight percent of North American petrochemical industry capital is funding projects elsewhere. Chappell says that ongoing community, government, and industry collaboration is needed to put Alberta first on the list of preferred investment locations. Policy recommendations will be made during events held today and tomorrow in Edmonton with leaders from government and interested parties. Key recommendations include:

- Streamlined regulation. It takes twice as long to get a project approved in Alberta as other jurisdictions. RDC is recommending the creation of Diversification Zones to allow for faster approvals on downstream energy projects that fit well-defined and pre-established environmental and economic development criteria. Leveraging our world class regulatory system, these Zones would provide Alberta a substantial competitive advantage. Companies could also share utilities and infrastructure to improve synergies and keep costs low.
- A level playing field. Other jurisdictions are winning the majority of new capital projects by using aggressive incentives. An aggressive, predictable and sustainable Alberta investment attraction strategy should create long term programs, establish pre-qualification stages, and utilize a variety of tools such as feedstock programs, royalty or tax credits, grants or loans. With this strategy, Alberta companies are already attracting capital, creating jobs and new sources of revenue. The financial benefits will far outweigh the government's investment.
- Committed collaboration. Industry, communities, and governments have an obligation to steward the resources of this province on behalf of everyone. Making a commitment to building the downstream industry and access new valuable and growing markets for our energy products is the right thing to do for Alberta and its long-term economic stability.

**Added Mark Eramo, a Houston-based chemical industry analyst and VP with IHS Markit:** "Petrochemicals is a high-value growth industry, but it's also an extremely competitive global business. Making Alberta attractive for chemical industry capital investment will take the same all-in approach seen in other jurisdictions in the US including Texas, Louisiana, and now the Ohio Valley. Alberta is already competing with these locations, and will need to continue offering strong incentives to win in this very competitive investment climate."

**Added Chappell:** "Collaboration between industry and government built Alberta's upstream industry. Let's do the same for downstream. We've got the resources. We've got the people. And we've got momentum. There has never been a more critical time to build on our strengths."

RDC is a non-profit collaborative of industry, education, and association leaders building on Alberta's strengths in the value-added resource sector. For further detail on policy recommendations visit [www.diversification.org](http://www.diversification.org).