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# Governor Chris Christie's Keynote Remarks At The Energy Sector Luncheon

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*Remarks Of Governor Chris Christie as Prepared for Delivery*  
**Keynote At The Energy Sector Luncheon**  
Hosted By The Calgary Chamber Of Commerce And TD Bank

Calgary Petroleum Club  
Calgary, Canada  
December 4, 2014

Thank you Adam Legge for those introductory remarks, and thanks very much to all the members of the Calgary Chamber of Commerce for that warm welcome.

To Alec Clarke of TD Bank, thank you for that kind introduction and for your sponsorship.

And I want to pay a special thanks to our U.S. Ambassador, Bruce Heyman, and John Prato, Canada's Consul General in New York, for their terrific help and advice in planning this visit.

It is great to be in Calgary, in the west, in Canada - and with such an enthusiastic group of pro-growth, pro-energy friends.

In fact, there's so much energy in this room, I actually thought I might have stumbled into the Grey Cup victory celebration for the Calgary Stampeders. What an exciting game! Congratulations to the Stampeders and to the city of Calgary - Grey Cup champions.

I have just come from a meeting with the Premier of Alberta, Jim Prentice. And I think it's fair to say that, as a Governor, I appreciate the history and heritage of Canada with the strong role that the leaders of the provinces play in the Canadian system. So I want to thank the Premier for welcoming me to Alberta today and for creating a province-to-state dialogue. I think that in both countries, our national leaders would be well advised to listen to the ideas and the initiatives coming from the states and the provinces.

That is the best way to make our democracies work, and our economies grow.

Alberta is Canada's leader in employment growth. In New Jersey, we've created over 143,000 private sector jobs, and have cut the unemployment rate by over three percentage points in the last five years. But we would of course like even more job growth, so there is much we can learn - and much we can do, on this trip.

Frankly, I am very excited to be here. Canada and the U.S. are, of course, each other's biggest trading partners. We are neighbors, we are partners, and we are allies, in the truest sense of the word. So there is much we can do together, in terms of cross border investment, in terms of trade, and in terms of enhancing our competitive position in the world economy. That is what this trip is all about.

Tomorrow morning, I will meet first with Finance Minister Joe Oliver, Minister of Industry James Moore, Minister of Employment and Social Development Jason Kenney and then with Prime Minister Harper. I have been so impressed with the Prime Minister's sound, skillful, principled, conservative leadership.

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My message to him, and one of my main reasons for coming, is to communicate the importance of friends. It is simple: America must pay closer attention to its friends - to its most important allies.

The U.S.-Canada relationship must be a priority.

So I will offer my view to the prime minister that the Canadian-U.S. alliance, this unique and special relationship, is more important than ever. I will ask him for ways in which we in New Jersey can strengthen our ties with the people, the businesses, and the government of Canada.

My message will be that we in New Jersey stand ready to do our part to strengthen this unique partnership, because if we do so, the opportunities ahead for the U.S. and Canada - and for North America as a continent -- are tremendous.

I am not only here to learn on this trip, and to promote new business, I am also here to say thank you.

If you recall, just about two years ago in the New York/New Jersey area, we experienced one of the worst storms in history. Superstorm sandy caused over \$60 billion of damage, destroyed or damaged over 300,000 homes, and left 10 million people without power. The people of Canada, as true friends and neighbors, responded, and sent help. And so another thing I will do tomorrow is meet with some of the utility crews including Hydro One, Essex Power, Hydro Ottawa, Toronto Hydro, Union Gas and from Enbridge Gas and the Canadian Gas Association - to say "thank you" for coming to New Jersey's assistance in our hour of need.

And in Ottawa, before that, I will lay a wreath at the national war memorial to honor Canada's fallen soldiers, and especially Corporal Nathan Cirillo, the heroic soldier who was gunned down in October defending the parliament, the capital and the Canadian people from a vicious and radical attacker. I think it is important for all Americans to say to Canadian soldiers, and to the Canadian people, thank you for standing by our side in the war against radical terror.

Frankly, I think the incredible cooperation on the security front between Canada and the United States is too often overlooked and too little appreciated in our national conversation south of the border.

The fact is that U.S. defense arrangements with Canada are more extensive than with any other country in the world.

Canada has been a member of NATO from the beginning in 1949 - and Canada has contributed to every NATO operation in the six decades that have followed. And Canada is our partner in NORAD - the North American Aerospace Defense Command - the centerpiece of military cooperation between our two countries.

It's hard to overstate the importance of that, and hard to overstate the gratitude that Americans should feel.

The most recent example, of course, was Canada's contribution of troops and aid as part of the NATO-led mission to Afghanistan.

In the long term, the effort to prevent Afghanistan from being a failed state and haven for terror has been a most worthy and important one - but for all involved, it has been hard work in a country that has suffered from 30 years of conflict.

At the peak, there were over 2,800 Canadian forces in Afghanistan. 158 paid the ultimate price. Canada helped clear 1/3 of the 10-15 million mines in Afghanistan. And even as its military mission ended, Canada has made contributions in development assistance and sustaining Afghan national forces.

On priority after priority around the world -- from dealing with aggression in the Ukraine, to fighting ISIL, to controlling Ebola, the U.S. and Canada are cooperating. Today, Canada is assisting in an anti-ISIL coalition with aircraft and humanitarian assistance.

That is as it should be, allies cooperating shoulder to shoulder as they have for generations. But I hope that every American understands and appreciates the depth and strength of that alliance, and that it is recognized in our policymaking - and in our priority- setting.

Tomorrow, a key feature of the trip will be meetings in Toronto with a range of CEOs and business and financial leaders - urging them to "Choose New Jersey" as a destination for investment and expansion.

So it is a full agenda, as befits a deep and important relationship.

Let's pause for some context on that.

It is hard to overstate the depth of America's relationship with Canada - it is vital to the health and security of the United States. The U.S. is Canada's largest foreign investor; and Canada is the largest foreign investor in the U.S. Canada exported \$339 billion in goods to the United States in 2012; and the U.S. exported some \$291 billion in goods to Canada.

We have the world's largest trading relationship.

The size of that relationship has more than doubled in just twenty years, since the North American free trade agreement was launched and the U.S.-Canada free trade agreement that preceded it.

In 2013, the total value of two-way U.S.-Canada trade (including services) was \$735 billion - that's more than \$2 billion a day.

My home state of New Jersey plays a major part in that trade. Canada is New Jersey's largest trade partner. In fact, New Jersey sells more goods to Canada than to its next three largest foreign markets combined.

Total Canada-New Jersey trade last year totaled \$15.9 billion. Our exports to Canada of \$6.8 billion last year dwarfed the roughly \$2 billion each that we exported to Mexico, the UK, and the Netherlands.

And we've been a good customer, too, importing some \$9.1 billion of goods and services from Canada.

Some 142 New Jersey-based companies have operations in Canada.

And on Monday of this week, I hosted at the Governor's mansion in Princeton a group representing some of the 74 companies from Canada who have operations in New Jersey. The list of such companies in our state includes leaders such as Bombardier, Valeant Pharmaceuticals, and TD Bank.

I want to better understand what it would take to expand and increase investment in our state.

Already, some 243,500 jobs in New Jersey depend on Canada-U.S. trade and investment. We would like to see that number grow.

Our single biggest export is tourism. Last year, over 650,000 Canadians visited New Jersey, and they spent \$144 million. To all of you, I say: "Come on down!" The Jersey Shore has been rebuilt and restored after the devastation of Superstorm Sandy. We are ready for you, and again this summer the shore will be open for business.

And I guess New Jersey is not alone - according to our commerce department, Canadian tourists contributed some \$25 billion to the U.S. economy last year - representing some 42% of services exports to Canada.

Coming the other way, I am now one of the estimated 450,000 New Jerseyans to visit Canada this year, who spent over \$200 million.

In short, the state which I am privileged to lead as governor is very much a trade-dependent state. Overall, over 1 million New Jersey jobs are trade-related. The share of jobs in our state related to trade has doubled in the last 20 years, from roughly 10 to over 22%. So trade related employment is growing fast, in part thanks to growth in our relationship with Canada.

For that reason, I am a big believer in trade - and in agreements designed to facilitate and remove barriers to trade.

That's consistent with America's history, and Canada's history - and it's consistent with our *interests* as well.

For the almost seven decades since the end of the Second World War, the U.S. has been a believer in and advocate of rules-based trade.

And our country has been a beneficiary of the explosion of global trade over the last few generations. U.S. exports worldwide now total over \$2 trillion, and they support over 11 million jobs in our country, including many in small and medium sized enterprises.

Canada is a trading nation as well - with over 50% of GDP tied to trade.

Canada trade with the world has tripled in the 20 years since 1994 - to over \$900 billion per year. And trade with your NAFTA partners accounts for two-thirds of that volume.

Continuing this healthy growth won't just happen. Both of our countries have to work at it.

Frankly, I would like to see a greater effort in our country to secure passage of trade promotion authority which, at the end of the day, makes it possible to successfully conclude trade agreements under our system.

Together, both of our countries have made some progress on the proposed Trans-Pacific Partnership, but there is a lot of work still to be done. The 11 countries that are party to the TPP negotiations make up 40% of global GDP and 1/3 of all trade - so the contribution to global growth could be tremendous.

Turning toward Europe, the U.S. is also trying to negotiate a so-called T-TIP agreement (for Transatlantic Trade and Investment Partnership). This too is a huge opportunity, given that the transatlantic economic relationship encompasses \$1 trillion in annual two-way trade and \$4 trillion in total investments.

I recently asked the question, however, whether Canada and Mexico, who are both parties to the TPP - should also be invited to participate, and perhaps even set certain priorities as a bloc, in T-TIP negotiations. This could have the effect of increasing North America's leverage in the negotiations, and the benefit of ensuring that this new trade agreement does not undermine the benefits of NAFTA.

But in coming to Canada today, I believe the most urgent trade priority is to focus on maximizing the potential of our shared North American market - some 460 million consumers in a \$19 trillion marketplace - on its way to \$50 trillion by 2050.

I just reviewed with you how important this North American market is to my state of New Jersey. But we are not alone: Canada or Mexico is the number one export market for forty-one of the fifty U.S. states.

Just this past month, the Council on Foreign Relations released a new report of a task force headed by General David Petraeus and my friend Bob Zoellick, former President of the World Bank.

The report talks about how focusing on and strengthening the relationship between the U.S. and Canada --- and Mexico - can increase our competitiveness and our mutual influence in the world.

I couldn't agree more.

They and other experts have highlighted the things we can do to build on the tremendous gains of the last 20 years in North American trade, before those gains level off and are lost to inertia or inefficiency.

What the report highlights is that we need a shared vision for growth. I truly believe that North America can be the premier home for economic growth in the years ahead.

In the last two decades, the amount of foreign direct investment into North America has grown by over \$3 trillion. We have become a more attractive destination for capital investment - and that creates jobs.

This suggests, in a complicated world, what I call the "North American model" - cooperation and coordination on trade matters, with respect for national sovereignty.

But it will only keep working if we have a new, strengthened long-term vision for maximizing the benefits of U.S.-Canada trade - for both countries.

So what are some steps we can take to strengthen the competitiveness of North America's economy?

First, is reducing the costs of delays and inefficiency at the border. We have a shared border of over 5,000 miles. We have over 115,000 flights between our countries every year. And as I said a minute ago, \$2 billion in bilateral trade occurs every day. We must reduce transaction costs for the movement of goods, services and people and ideas across that busy border.

In this regard, we must continue making progress on the "beyond the border" initiative begun by President Obama and Prime Minister Harper in 2011.

I congratulate the President and the Prime Minister for signing this declaration 3 years ago. Now we must take steps to turn that declaration into reality.

Our supply chains are connected. When you look at the content of a Canadian export to the U.S., with 25% U.S. content, or for that matter a Mexican export, with 40% U.S. made content, you can see this: we compete, yes -- but often we build things *together*.

Let's take advantage of that and try to create economies of scale, especially in knowledge-intensive industries.

Let's move more inspection activities inland. But let's also take the steps to allow law enforcement on either side of the border to work together.

We must move processes away from the border wherever we can - and let the border be used for data capture and electronic verification.

Tomorrow, I will meet with the Canadian Council of CEOs. In the U.S., a suggestion of our equivalent group, the business roundtable, is to set up systems to achieve secure pre-clearance outside the border.

We can use technology to speed up legitimate cargo and travel, creating less friction at the border.

Tourism is so important to both of our countries - so we should prioritize trusted traveler programs. In the United States, "TSA pre" and "goes" systems are working pretty well. Perhaps we could harmonize them with systems in Canada and Mexico. And let's try this same trusted traveler approach for trusted *trade* programs.

Both Canada and U.S. have a shortage of highly skilled labor - a goal of our border initiatives should be to improve labor mobility for skilled labor.

A second key priority for North American competitiveness is to try to create greater alignment and harmonization on the regulatory front.

Again, the President and the Prime Minister took a positive first step by creating the U.S.-Canada regulatory cooperation council in 2011. And the President also signed an Executive Order on international regulatory cooperation. Let's expand the effort.

Let's eliminate duplication of certification and testing across borders.

Let's make "inspected once, cleared twice" the norm.

Let's set up common rules for testing, using more private sector labs to increase efficiency and speed.

Let's update our trade rules - updating them to accommodate such new developments as electronic commerce and the explosion in the energy trade. We can lower costs for both producers and consumers by removing the next generation trade barriers.

This doesn't seem like rocket science, and it's not. It is common sense.

But too often in the recent past, our bilateral trade relations have become defined by the irritants and not the inspiration for a better tomorrow; by the petty disagreements and not the principles for cooperation.

Whether it's on increasing efficiency by modernizing our processes and technology at the border, or on reaching agreements on trade, we need to adopt a "get it done" philosophy.

What we cannot afford is policy-generated uncertainty and the growing compliance costs associated with inefficient logistics. That will undermine our competitiveness.

If you think about it, what will help North America's competitiveness in the decades ahead?

Certainly, maximizing innovation from R&D and education.

And cutting the costs of shipping, transportation, communications and regulation.

But most of all, taking full advantage of the energy revolution going on all around us.

In no area are the benefits of adopting that "roll up our sleeves and do the hard work" more clearly significant than in the area of energy.

As you here in Calgary know better than most, and thanks in part to your investments and your hard work, North America is in the middle of a once in a lifetime energy renaissance.

You know the numbers. Canada's continuing investment in energy has paid off. Oil and gas today accounts for 19% of Canada's exports, and provides over 550,000 jobs in this country.

Canada is spending some \$69 billion a year on capital expenditures in the field.

Today, Canada produces some 3 million barrels a day of crude oil, making it the world's 5<sup>th</sup> largest producer. But that number is expected to double to 6 million barrels a day by 2030, on the back of growth in production from the oil sands right here in Alberta.

And Canada is also 5<sup>th</sup> in the world in natural gas production, with 6 trillion cubic feet per year.

The 168 billion barrels of recoverable resources from Canada's oil sands constitute well over 100 years of production - and that is with current technology.

In part as a result of all this, Canada is the United States' largest and most reliable supplier of energy. Canada exported over \$110 billion worth of energy to the U.S. last year. (I should perhaps note that the trade was two way - the U.S. exported \$22 billion in oil, gas, and electric power to Canada as well.)

In the United States of course, we have our own flourishing resource. Thanks to the deployment of new technologies like directional drilling and hydraulic fracturing over the last few decades, we are now in the midst of a full blown "shale gale".

The EIA says that crude oil production from tight oil and shale will nearly double to 4.8 million barrels a day in the next four years - and it has already quadrupled since 2008.

The story in gas is much the same. The shale revolution has of course ignited a significant increase in natural gas production in the U.S. - and shale now accounts for 40% of U.S. natural gas production.

The boom of course has been so profound that many producers here and in the U.S. are having to adjust to deal with this much lower price environment. It hasn't been easy in all areas of the oil and gas patch in either country.

But the energy boom has already improved industrial production, and helped bring manufacturing back to North America. In all three countries, we have become more cost competitive. In fact, the commerce department calculates that the U.S. has created over 700,000 new manufacturing jobs in last four years.

For most of my lifetime, ensuring reliable energy supplies has been a major economic and geopolitical concern of the United States. Now, imports are dropping fast -- from 60% of liquid fuels consumption in 2005, to 40% in 2012, to about 33% today. North America as a continent is becoming increasingly self sufficient and cost competitive.

And in the otherwise weak recovery from the recession we have had in the United States, energy has been a bright spot in terms of creating jobs. The Analyst Dan Yergin estimates that the shale revolution today supports over two million American jobs.

Suddenly, after worrying for decades about energy imports, the United States is joining Canada in making plans for export.

By the way, it should be said that this increased production has occurred in an environmentally responsible manner.

First of all, along that 5,000 mile border I mentioned earlier, there are dozens of national and hundreds of state-provincial agreements on protecting our shared environment.

Second, with respect to greenhouse gases, according to the EIA, the United States has cut its Co2 emissions by 10% from 2005 to 2012, bringing emissions to their lowest level since 1994. Many nations may talk about cutting greenhouse gas emissions, we're actually doing it.

Thirdly, there are over 280,000 Canadians today working in renewable energy industries. So Canada truly does have an "all of the above" energy strategy.

Finally, we should say this clearly to some of the critics: time and again, experience has shown that the surest path to a cleaner environment is through economic growth - successful economies do a better job protecting the environment.

In any event, North America today has the fastest growing oil production outside of OPEC and a cleaner environment, with emissions of various criteria pollutants (in addition to Co2) going down.

So let's be clear: the North American energy renaissance has made us all better off, from multiple perspectives - economically, strategically, and environmentally.

The real question is what can we do, as a matter of policy, to bring this renaissance to full flower?

And there are some obvious needs. The first is a continuing and major investment in infrastructure - both cross-border and within our countries.

I know that premier prentice was in eastern Canada earlier this week extolling the benefits to consumers in Ontario and Quebec from a pipeline to the east. We have similar needs within the United States.

It shouldn't be that controversial. In the United States, we already have over 2.2 million miles of pipelines. Canada has tens of thousands of miles of pipelines. In both cases, the safety record is sound - they have demonstrated "five nines" reliability -- a 99.99% safety record.

That brings us, of course, to the major debate on the Keystone XL pipeline.

I have made my view on this clear.

My view is that we are missing an enormous opportunity when we delay its development.

Today, there are already some 29 gas and 17 oil cross-border pipelines in operation. That's right, there are almost four dozen pipelines carrying oil or natural gas across the U.S. - Canada border right now.

The State Department's own environmental impact study concluded that they are safe, and Keystone would be safe.

And let me quote directly from that same study, issued earlier this year: "A total of 42,100 jobs throughout the United States would be supported by construction of the proposed project."

That's right, the administration's own State Department says Keystone would create 42,000 direct and indirect jobs. Yes, many temporary, many in construction or support functions. But what am I missing --- is there not a need for increased employment in the United States today?

Keystone has now languished for six years. And I think this sends a very unfortunate signal.

First, it reduces the willingness of investors to make significant investments in large scale, capital-intensive products that are needed to help our energy reach its customers. Here in Canada, by limiting the ability of increased production from the Canadian oil sands to get to market, it stunts production and growth.

Secondly, this is no way to treat a key American ally.

This is not about sending "your oil" across "our land". It's about maximizing the benefits of North America's natural resources for all, about allowing markets to function, and about contributing to the prosperity of citizens of both the United States and Canada.

Our leaders' comments on this topic should not be marked by parochialism, but by principles. And the principles should be enhancing the economic competitiveness of North America, treating allies with respect and fair consideration, and creating jobs, growth and opportunity for all.

Approving Keystone would actually drive down the price of oil and help consumers in all North American countries. It should be done today. It is supported by majorities in both the House and the Senate.

As I said earlier, a key goal in the U.S.-Canada relationship should be getting stuff done that is in our mutual interest. It is time to get this done.

More broadly, the lack of pipeline infrastructure means that much of both of our country's increased production is being shipped by rail, or by trucks. That affords flexibility, but it is not without risk, or without higher costs.

Keystone is perhaps the most visible pending energy project on our continent, but it is far from the only one. As a general matter, we need to reduce regulatory uncertainty and increase the speed and transparency of the American project approval process.

All kinds of value-added facilities, like chemical plants are being delayed, because they require a significant long-term investment that is too often delayed by the permitting and regulatory process. Over the long term, this lack of regulatory predictability hurts job creation in the U.S.

In the last few months, I have also outlined other steps that I believe can enhance our energy future:

- Opening the global market for United States crude and taking steps to develop and promote the capacity for LNG exports;

- Adopting a reasonable approach to regulation that places an emphasis on cost-effectiveness, fair competition among fuels, and avoids picking winners and losers for political reasons;

- Investing in technology and energy research and development, in everything from renewable fuels to advanced recovery techniques to clean coal to carbon sequestration;

Adopting an approach that will lead to careful chemical handling, well integrity and sound water treatment in the fracking industry; and

Recommitting to the process of North American economic cooperation to ensure a more smoothly functioning and cost-effective energy supply network across borders on this continent.

Unlocking our shared energy future, and our shared energy potential - this is the path to growth.

When I visited Mexico, and met with President *Peña Nieto*, I made two points - first, that North America, with our extensive trade and economic ties, can perhaps be a new model of cooperation.

The second was to say that too often, Canada, and frankly Mexico as well, have been made to feel that they were an *afterthought* in U.S. economic and foreign policy - and I said I believe that they should be our *first thought*.

Using technology to speed trade at the border. Sensibly coordinating regulations. And investing in the infrastructure we need to harvest the benefits of the energy revolution. This is the blocking and tackling of expanded trade and increased competitiveness.

These simple priorities can contribute to a more competitive economy and a better life for all of our citizens. But it takes a real and sustained focus on solving our problems and tapping our potential with our closest neighbors and allies. As I've said, it takes making our relationship with Canada a *first thought* - and treating the relationship as the special one that it is.

In the last few years, the leadership of the United States government has not always placed sufficient priority on North America. This is a mistake and a missed opportunity.

I am here to say that today, right now, we have a chance to create an era of economic strength for this continent. But we have to believe in each other -- in trade; in economic cooperation; in shared values and a shared effort on security; and in tapping the amazing energy resources with which we have been blessed, both here in Canada and in the United States.

Thank you for having me here today, and I look forward to working with you to help create a brighter economic future, and a brighter energy future, for all of us.

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