

Canada-India Free Trade: Opening Doors for Alberta

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Canada's free trade negotiations with India is a great chance for Alberta to open new frontiers for our goods and services, writes Satya Brata Das

On a balmy December noon at the Café Leopold, lofty ceiling fans disperse the moist air from the Arabian Sea. There isn't a table to be had in this landmark: servers weave expertly through the maze with their offering of "Chinese, Indian and Continental" cookery, fresh and delicious, and all of it utterly familiar. There is something comforting about these food clichés of a bygone age, tables laden with pizza and Sichuan noodles and tandoori chicken, and the Leopold's famous towers of draught beer. These come in cylinders of two, four or six litres, taps on the bottom, with their own bunches of frosty mugs. They adorn nearly every other table, quenching the thirst of Muslims, Sikhs, Catholics, Sephardic Jews, Orthodox Christians, Zoroastrians and Hindus: the cultural bouquet of the native population of Mumbai.

India's great trading city is also its most cosmopolitan. A few steps outside the café will bring you to the enduring Victorian vista of South Mumbai: Churchgate rail station, the grand gothic pile of what used to be Victoria Terminus (now the Chhatrapati Shivaji rail

Station or CST), the Gateway of India, the Taj hotel on its grand avenue by the sea, the broad boulevards with traffic roundabouts and swaying palms, and every imaginable stream of the human experience.

I have come to Mumbai as a director of an oil sands start up, a listed company determined to be the cleanest and greenest possible producer of Alberta's vast *in-situ* heavy oil deposits. Between meetings with Indian energy firms, that have expressed an interest in our oil sands, I am here for more than a meal: I wish to offer solidarity with everything the Leopold represents to me.

A convivial buzz arises from half a dozen languages. And as the waiter sets down cold Kingfisher, there is an overwhelming sense that all is right with the world. Yet a casual glance at the thick mirrors on the walls shows a terrible reminder of the day things were wrong as can be: here are the unmistakable scars of bullets fired from high-powered automatic weapons.

The Leopold, the Shivaji station, the Taj, the Jewish cultural centre just up the peninsula, were the terrible stage for a barbarous act that continues to outrage the conscience of humankind. On November 26, 2008, armed terrorists trained and imbued with hatred in neighbouring Pakistan swept in from the sea and opened fire in the evening rush hour, killing and maiming hundreds.



Leopold Café, Mumbai, India. Source: sanbornsinindia.travellerspoint.com

The Leopold, a Muslim-owned café that serves alcohol and welcomes the world, was a scene of appalling carnage. Three years later on this December day, it wears its scars with defiance: there are no metal scanners, no security gates, no barriers or checkpoints. It remains open to the street and to the world, utterly undefeated and unbowed by terror.

As I sip my beer and scoop up *saag paneer* with a finger-scorching *naan*, I am mindful of the courage and resiliency of Mumbai, and its determination to remain both the heart and the pulse of India's trading economy.

In a city foetid with the smells of a population where six in ten live in an improper dwelling, where there are far more cellphones than toilets with modern plumbing, the dizzying contrasts of Mumbai are indeed a gateway to modern India.

This is also the world where Alberta's future is waiting to be made.

As we plunge deeper into the Asian Century, it makes eminent sense for Alberta to reach out into the greater world – not by diluting or rejecting our close ties with the United States, but by building on an entirely new set of cultural, societal and economic relationships.

In his recent trip to China, Prime Minister Stephen Harper raised the idea of free trade with China, all the while noting that any potential deal would take years to negotiate. Upon his return, he also raised the prospect of free trade with Japan. It is easy to understand why.

Harper knows that Canada and Alberta must expand relationships and its partnerships beyond Fortress North America. This policy goal has been clear for some time. What we have lacked in the past is a sharply focused

strategy to take advantage of emerging opportunities in the rapidly changing world.

That opportunity is starting to take shape with the prime minister's Asian focus. And the quickest entry point for both, Alberta and Canada, is the road to free trade with India. Unlike the hypothetical prospects of such a trade arrangement with China and Japan, Canada-India free trade talks are well advanced.

The third round of free trade negotiations last December produced significant progress towards the first milestone: tripling Canada-India trade by 2015. We Albertans have a strong role in the success of this relationship, and the potential it represents.

Alberta's unique advantage is its ownership and stewardship of the oil sands, the largest hydrocarbon deposit on the planet. In the global context everything else – the knowledge economy, other natural resources, diversification opportunities, tourism based on natural heritage – is marginal or secondary. Oil sands are the big draw, period.



Churchgate Railway Station, Mumbai. Source: www.skyscrapercity.com

The environmental movement has succeeded in branding Alberta as a producer of “dirty oil,” and in painting development of the oil sands as an environmental catastrophe.

We are at last beginning to offer tangible and persuasive evidence that Alberta takes its stewardship responsibilities seriously, and that it will lead in the environmental technologies (carbon capture, other greenhouse gas

reductions) that will enable sustainable development of the oil sands.

Chinese, Japanese and Indians with power, influence and capital know that the oil sands offer the promise of a stable, long-term oil supply. Measured by purchasing power parity, these three Asian countries are among the world's four largest economies, after the United States.

At this crucial stage, investment promotion should be very precise, strategic and focused. Serious players essentially want to know how they can secure energy supply out of Alberta, and whether they can do it without being branded as an environmental pariah.

As I found out in my meetings, Indian energy firms are keenly aware of the oil sands, but reluctant to invest until and unless we demonstrate sustainability, and more importantly, create the sovereign capacity to deliver synthetic crude oil to Canadian seaports.

For Indian investors, the central advantage is that this resource is in a democracy with political, social and economic stability. And the added advantage is that there is no premium to be paid in fiscal terms, for extracting this abundant resource in a safe and stable country.

A robust Asia strategy pursues growth for Alberta in key areas, centred on our natural resources, our agricultural and forestry resources, and the value added to them.

These have the merit of building on our established track record in Asia, and pursuing newer horizons:

- Clean coal technology,
- Carbon capture and recycling,
- Near-zero-emission power plants,
- Wastewater management,
- Advances in heavy oil production,
- Synthesis gas production,
- Attracting skilled migration from Asia to fill Alberta's needs

Alberta has invested considerable time and treasure in the past four decades in building

robust and vigorous relations with China and Japan, and to a lesser extent with South Korea.

Indeed, with four international offices in Greater China (Beijing, Shanghai, Hong Kong, and Taipei), a long-established Alberta office in Japan, Alberta has built a good platform for north Asia. This is reinforced by former cabinet minister Gary Mar's appointment as Alberta's new plenipotentiary in Asia.

India remains the missing pillar in Alberta's Asia policy, even though it is the second largest source of migrants to Canada.

Yet given the imminence of free trade with India, establishing an Albertan presence should become a strong strategic priority for Premier Alison Redford's government. This cannot be achieved by fly-in visits, especially if those visits are by Alberta officials based in neighbouring Asian countries.

Success in India demands a strong and sustained Alberta presence, on the ground. It needs Albertans fluent in both Canadian and Indian cultures, with a strong grasp of the possibilities and potential of each society and economy.



Ali Kassam, convicted of murder in the 11/26 attacks, in CST, MumbaiSource: *Mumbai Mirror*, Sebastian d'Souza

A prominent, highly-visible long-term presence – say an “Alberta House” that offers a one-stop showcase for culture, commerce and migration – is the bare minimum Alberta needs to leverage the benefits of free trade with India.

Imagine a café and a showcase of Alberta products, displays of our artists and authors, Indian chefs using Alberta ingredients; friendly folks on hand to offer advice on visiting, investing and living in Alberta. It would be an inviting Alberta street presence: way different than our current practice of a couple of rooms in a heavily guarded Canadian embassy.

Alberta is especially well known to Indian Prime Minister Manmohan Singh. Singh received an honorary Doctor of Laws degree from the University of Alberta in 1997 principally for his leading role in opening up the Indian economy.

During Singh's first term as prime minister, India's public-sector energy firms won approval to invest more than \$2 billion in the Alberta oil sands, but have yet to consummate a deal.

The large Indian diaspora puts Canada on the radar screen of the Indian leadership, and Alberta's oil wealth puts our province front and centre.

India intends to add 12,000 to 15,000 megawatts of generating capacity every year for the foreseeable future. To put this into perspective, Alberta's entire installed generating capacity is 12,555 megawatts. If clean coal technology can be applied to India's coal-fired power generation, there will be significant benefit to the planet.

With Alberta's in-situ gasification technology, the quality of the coal doesn't matter. Even the lowest grades of solid fossil fuels, such as anthracite, can be rendered into synthesis gas. Alberta-India collaboration can restrain Indian emissions right from the design stage. Moreover, India has the expertise in building, upgrading and refining capacity to the highest global standards at the least cost.

India's Reliance Group built and commissioned the world's largest refinery and petrochemical products complex in the western state of Gujarat, producing 1.2 million barrels a day of petroleum and a range of final products from petrochemicals.

Essar, another integrated conglomerate that builds its own tankers to carry its own oil, is completing a 1.1 million barrel a day refinery in Gujarat that will rival Reliance.

Each is thirsty for seaborne crude, for tankers that can offload right at the refinery docks. Before they invest in Canada, they want to make sure they can fill their tankers at Canadian ports.

Alberta's oil sands technology offers significant expertise in managing water and wastewater. In using water from deep saline aquifers for oil sands processing and upgrading, Alberta firms have a strong knowledge base in cleaning and field creation techniques for large volumes of water. China and India's main rivers are clogged with industrial effluent and human waste.

Made in Alberta technology can be used to improve the quality of water now being discharged directly into rivers and streams. This process of wastewater management and environmental mitigation may be a decades-long opportunity.

Finally, there is ample room to grow people to people exchanges between Alberta and Asia. In a 21st century economy, the free flow of people between nations is as potent a competitive advantage as the flow of goods, services, and investment capital. Alberta's schools, universities, colleges, institutes of technology and teaching hospitals can be a major driver of service trade.

Canada's free trade arrangement with India may be Alberta's most significant opportunity to expand its opportunities beyond the limits of the North American economy.

We need a seamless convergence of government, economy, culture and people-to-people connections in order to fully engage India, and to set a workable framework for eventual free trade deals with China and Japan.

It is time to leverage our old relationships, and our emerging and developing expertise, to build an enduring partnership with India, as it becomes a global leader in the 21st century.

Like the lunchtime crowd at the Leopold we know that chaos and terror is a fact of life, yet it is best answered by freedom and opportunity, and the enduring friendships built by embracing the opportunities life presents.

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