



# RESOURCE-THIRSTY WORLD BEATS PATH TO ALBERTA CAPITAL

BY CHRIS O'BRIEN

**B**efore the world's most prolific financial institutions collectively found themselves in the economic tank in the fall of 2008, Alberta's fortunes as a thriving slice of the global energy pie had already propelled the city of Edmonton into the record books.

The rapidly urbanizing region that encompasses and connects Alberta's two largest cities is described by TD Economics and Statistics Canada as one of the fastest growing economic zones in the world. Even USA Today has noted that "per-capita economic output in the Edmonton-Calgary corridor is 40 per cent above Canada's national average and 10 per cent above the U.S. national average."

In other words, Albertans are taking advantage of the natural blessings bestowed upon them.

International corporations compete to provide services and materials for Alberta's giant energy industry; tourists flock by the thousands to its mountain resorts and shopping malls, and people looking for new opportunities lead a never-ending procession of job seekers from every corner of the globe.

In the year ending July 2008, no less than 19,800 new workers – not counting their families – arrived in Edmonton and its adjacent communities. Many relocated from other Canadian provinces – particularly Ontario, British Columbia, and Newfoundland.



Many others, according to Statistics Canada, arrived from China, India, Pakistan, Sri Lanka, the Philippines, Latin and South America, Vietnam, Cambodia, Malaysia, Laos, the Middle East, Korea and Japan.

Through August 2008, Edmonton's unemployment rate remained at a low 3.5 per cent compared to the national average of 6.1 per cent. In fact, despite its population exploding well beyond the one million mark, Edmonton still boasts the second lowest unemployment rate in the country among major metropolitan areas – behind only Victoria, B.C.

In Alberta, capital investment in the massive Athabasca oilsands near Fort McMurray, about a five-hour drive north of Edmonton, is the undisputed king of the economic hill.

The area contains an estimated 176 billion barrels of recoverable oil – the second largest proven reserve in the world behind Saudi Arabia. But this oil cannot simply be sucked from the ground. It oozes through 55,000 square miles of thick clay and sandy soil.

Its mining, refining, and transportation facilities account for the single largest industrial development on the planet. In the spring of 2008, the posted value of oil, gas and oilsands related projects completed, underway, or proposed reached a staggering \$157.5 billion.

In recent years, with escalating oil prices and global energy demand, major players in the worldwide search for secure access to energy reserves – China, India and Norway among others – have investigated investment opportunities in the Athabasca oilsands.

Throughout, former Energy Minister Greg Melchin stressed the province's goal to be more than just a supplier of raw bitumen – the heavy oilsands product shipped to refineries. "We're open to investment," he said, "as long as it doesn't detract from (our) objectives."

The value-added objective Melchin was referring to arrived in 2007.

Three years earlier North West Upgrading of Calgary initiated plans to construct a new heavy oil upgrader about 45 kilometres northeast of Edmonton but waited for the official go-ahead from the Alberta Energy and Utilities Board.

"The North West Upgrader," said company President Robert Pearce, "is based on the growing need for an Alberta-based solution to upgrade bitumen from its huge oil sands resources."

The upgrader will use regional feedstock to produce value-added oil and gas products for industry consumers. The \$1.6-billion first stage is scheduled on-stream by 2010 with about 150 permanent employees. Construction of second and third phase facilities will take another four to six years.

Typical of oilsands related development, North West has enlisted specialty contractors from around the world: SNC Lavalin of Montreal; Kobe Steel of Tokyo; the Haliburton subsidiary KBR from Houston, Texas; Jacobs Engineering

from California; and Lurgi AG of Frankfurt, Germany, just to name a few.

What they're building will elevate Alberta's ability to turn raw bitumen into true value-added opportunities further strengthening the regional economy.

In late 2008 analysts predicted the local economy may cool as the global credit crunch tightened money supplies.

Ironically, a slowdown in the oil boom may be just what Edmonton's economic doctor ordered.

Local experts have long held that a recuperative period allowing labour costs to soften, infrastructure to catch up, and regulatory issues to become more clearly focused would give the industry's economic and political foundations time to settle in for the long haul.

The well-beaten path leading world companies, consumers, and workers to Edmonton's doorstep will undoubtedly remain busy and bustling. Easing the frenetic pace of its travellers simply ensures an orderly procession along the way. ▲

