

Canada needs to act quickly or we will lose out on LNG export opportunities

Written by Australian Business

Hon. Jim Prentice, Vice Chairman of CIBC, says without urgency "we could wake up to discover that our competitive opportunity has vanished"

CALGARY, Sept. 18, 2013 /CNW/ - CIBC (TSX: CM) (NYSE: [CM](#)) - Canada must act with more urgency to license and build facilities to export liquefied natural gas to Asia or risk squandering the opportunity to our competitors, says the Honorable Jim Prentice, Senior Executive Vice-President and Vice Chairman of CIBC.

Mr. Prentice told an audience at the Canada LNG Export Forum in Calgary that if we don't move quickly to take advantage of our unprecedented potential to be a global supplier of LNG, we are going to lose out to competition from the U.S., Australia and elsewhere.

"Given the scope of the opportunity before us, and given the speed with which other countries around the world are rushing to get into the game and fill LNG demand, we in Canada need to push ahead with a much greater sense of urgency," said Mr. Prentice. "There is a window of opportunity, and it is closing. If Canada is ultimately to win in liquefied natural gas, we need to pull together and seize that opportunity before it passes us by."

He noted that momentum in the sector has slowed to a crawl in Canada. Two years ago, mergers and acquisitions in LNG-related transactions were valued at close to \$2 billion and last year, M&A activity hit \$8.7 billion. "However, so far in 2013 there has not been a single LNG-related shale gas transaction to report - and a number of opportunities haven't managed to make it over the finish line."

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To get these export projects moving the industry will need to be aggressive and move with a purpose says Mr. Prentice. He laid out six key hurdles that must be cleared:

1. Establish a royalty regime that both promotes the establishment of an LNG industry in Canada and helps ensure its long-term survival and success;
2. Ensure we have sufficient skilled labour to build these facilities and pipelines under tight timelines;
3. Ensure the federal government adopts a proactive role to develop a coastal management regime that takes into account the rewards as well as the environmental risks of increased west coast tanker traffic. This will require a co-management regime for those waters, together with the province of British Columbia and the coastal First Nations;
4. Decide how LNG facilities in B.C. will be powered;
5. Resolve the contract standoff that's emerged between project developers here in Canada and potential customers in Asia.
6. One solution appears to be the acquisition of equity positions in Canadian LNG facilities by the very companies that will be buying our gas; and
6. Better understand and move to address the competitive challenge that is being posed by the United States.

Mr. Prentice believes the benefits Canada offers as a competitor - our energy infrastructure expertise and our stability of supply foremost among them - positions the country well to lead and thrive in the sector going forward. But to get there we need to aggressively tackle these issues or risk being left behind.

"What's important today from the Canadian perspective is that the competition - the U.S., East Africa

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Australia

- is moving quickly to seize the Asian opportunity, and we need to keep pace," adds Mr. Prentice. "The Americans are eager to get into LNG in a big and aggressive way. That could have real implications for our ability to do the same. If we're hesitant, if we continue to move slowly, we could wake up to discover that our competitive opportunity has vanished. For Canada, nothing is more urgent right now than getting in the game.

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"Now that we see the full scope of what needs to be done, we can't allow ourselves to get distracted and take our eyes off what really matters. We must move forward with pace and commitment on LNG - understanding that our potential partners overseas have other options to meet their appetite for energy, and that we are not the only game in town."

A copy of Mr. Prentice's speech is available at: <http://files.newswire.ca/256/CIBC18.pdf> .

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