

**ADDRESS TO THE EMPIRE CLUB OF CANADA**

**“TWO STRATEGIC YUKON/ALASKA  
INFRASTRUCTURE PROJECTS:  
- THE ALASKA HIGHWAY NATURAL GAS  
PIPELINE AND THE ALASKA/YUKON RAILWAY  
PROPOSAL”**

**By**

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*“Check Against Delivery”*

## **I. Introduction**

- Ladies and gentlemen, distinguished guests, it is indeed a pleasure and a privilege to have this opportunity to speak to you this afternoon.
- I want to thank the Empire Club of Canada for inviting me to participate in this “Premier” series wherein Canada’s First Ministers address the theme of “My Canada ... Today and Tomorrow.”
- This afternoon I will be giving you the Yukon perspective on this theme by addressing the Yukon’s developmental history and focusing in particular on two strategic Yukon/Alaska infrastructure projects:
  - the Alaska Highway Natural Gas Pipeline; and
  - the Alaska/Yukon (Canada) Railway proposal.
- Should these two major infrastructure projects come to pass, they will have a dramatic and profound impact on both Yukon and Canada, the like of which very few Canadians can imagine.
- Canada today is perceived as a country stretching from the Atlantic to the Pacific, capping the lower 48 of the United States.
- Should these two major developments come to pass, this very perception of Canada as a nation will change.
- These two strategic infrastructure projects have the potential to determine Yukon’s future as well as redefine Canada’s position and participation in the global economy.

## **II. Northern Strategy – Northern Vision**

- The Fathers of Confederation envisioned a Canada extending from sea to sea, from the Atlantic Ocean in the east to the Pacific Ocean in the west.
- Canada’s first prime minister, Sir John A. MacDonald, saw a Canada from east to west.

- In 1871, Canada, a tiny infant nation just four years old with less than 4 million people determined that it would build the world's largest railroad across a vast, unforgiving and uncharted landscape.
- In the four years between 1881 and 1885 Canada was forged into one nation by the building of the Canadian Pacific Railway.
- Yukon's paramount author Pierre Berton in "The National Dream" and its sequel "The Last Spike" chronicled the story of how the building of some 2,000 miles of track bound a fledgling nation together with a ribbon of steel.
- The building of the CPR was a major infrastructure project that defined Canada as a nation and shaped the perception of Canada as a nation extending from east to west. It in fact ensured that Canada would grow all the way to the Pacific Coast.
- The Right Honourable John George Diefenbaker envisioned a new Canada, a Canada of the North.
- We believe that with the coming of age of the three northern territories, climate change and the developing territorial economies, Canadians' perception of our country will change once again.
- Canada will be perceived as extending from sea to sea to sea with the Arctic Ocean and Beaufort Sea defining Canada's northern boundary.
- The current Government of Canada is cognizant of this changing perception of Canada's north and the role the three northern territories will play in the future development of Canada.
- In the Speech from the Throne issued on October 5, 2004, to the First Session of the Parliament of Canada, the Government of Canada indicates it "will develop, in cooperation with its territorial partners, aboriginal people and other northern residents, the first ever comprehensive strategy for the north."

- The Throne Speech goes on to state: “The Northern Strategy will foster sustainable economic and human development; protect the northern environment and Canada’s sovereignty and security; and promote cooperation with the National Circumpolar community.
- On December 14, 2004, Prime Minister Martin, Premier Handley of the NWT, Premier Okalik of Nunavut and I announced a framework for the development of this new northern strategy that will launch a new era of development and transformation in the north.
- It is my contention that just as the building of the CPR defined Canada as a nation extending from east to west, the construction of the Alaska Highway Natural Gas Pipeline and the Alaska/Yukon Railway Project will define Canada as a nation extending from north to south.
- We believe in future years the focus of southern Canadians will become more and more fixed north of the 60<sup>th</sup> parallel.

### **III. Yukon’s Developmental History**

- I want to tell you a little about the Yukon and its developmental history in order to give you a better understanding of what projects like the Alaska Highway Natural Gas Pipeline and the Alaska/Yukon Railway Project can mean to us in the north.
- The Yukon is relatively small in terms of land area standing at 186,000 square miles and is even smaller when it comes to population.
- Currently, there are only 31,000 Yukoner residents, approximately 25% of which are of aboriginal ancestry.
- But it is a land rich in resources with great potential and opportunity.
- Despite our small population and land area, the Yukon throughout its history has grown accustomed to big events.
- The first major event occurred in 1898 with the world famous Klondike Gold Rush.

- Between 1897 and 1899, an estimated 100,000 thousand “Cheechakos” poured north to stake their placer claims in the rich Klondike gold fields. If you survived a year, you became a “Sourdough.”
- By 1898, Dawson City ranked as the largest Canadian city west of Winnipeg, Manitoba. Estimates were that 30,000 people lived in Dawson City with a further 30,000 working the diggings in the surrounding gold fields.
- As you can see, over 100 years later the Yukon has only reached the halfway mark of its gold rush population.
- You can well imagine the tremendous impact of that massive influx of people from the south on the land and on the Yukon’s indigenous First Nation aboriginal population.
- The Klondike Gold Rush also helped to define Yukon’s transportation infrastructure for more than 100 years.
- The White Pass & Yukon Route Railroad is still operating today. It was constructed in only twenty-six months and was literally blasted through the coastal mountains, climbing almost 3,000 feet in just twenty miles.
- This 110 mile – narrow gauge railroad is recognized as an international historic civil engineering landmark, a designation shared with the Panama Canal, the Eiffel Tower and the Statue of Liberty, distinguished company indeed.
- The White Pass & Yukon Route was completed with the driving of the Golden Spike on July 29, 1900 at Carcross, Yukon, connecting the deep water port of Skagway to Whitehorse, Yukon.
- White Pass & Yukon Route became a fully integrated transportation company operating docks, trains, stage coaches, sleighs, buses, paddle wheelers, trucks, ships, airplanes, hotels and pipelines.
- It provided the essential infrastructure servicing the freight and passenger needs of Yukon’s population and mining industry.

- It was White Pass & Yukon Route that pioneered the inter-modal (ship-train-truck) movement of containers that are in common use today.
- White Pass & Yukon Route suspended operations in 1982 when Yukon's mining industry collapsed due to low mineral prices but reopened in 1988 as a seasonal tourism operation.
- Today, the tourism train operation has been so successful it has become Alaska's most popular shore excursion carrying over 400,000 passengers from May to September in 2004, operating on the first 40 miles of the line.
- Plans are now in place to extend service to Carcross, Yukon and ultimately to Whitehorse, Yukon's capital city itself.
- The White Pass & Yukon Route also played a key role in the second major event that forever changed the map of Yukon.
- The second major event commenced with the announcement on February 11, 1942, by President Franklin D. Roosevelt, authorizing the construction of the Alaska Highway as a military necessity for the joint defense of Canada and the United States at the outset of World War II.
- Just nine months later, the entire length of the road, more than 1,500 miles long was passable through dense forests, across soggy muskeg and over roaring rivers.
- What a remarkable achievement by the United States Army Corps of Engineers!
- Once again the Yukon had experienced a massive influx of people, and though the period of construction was very brief, the building of the Alaska Highway has since had a profound impact on the territory; one equivalent to, if not greater than, the Klondike Gold Rush.
- Once again Yukon's First Nation aboriginal people experienced the brunt of this impact, without enjoying many of the benefits.
- This brings us to today.

- The Yukon is potentially facing the development of two more major events, namely, the construction of the Alaska Highway Natural Gas Pipeline and the proposal to construct the Alaska/Yukon Railroad, connecting railroads in Alaska, through Yukon, to railroads in the south.

#### **IV. The Alaska Highway Natural Gas Pipeline**

- The Alaska Highway Natural Gas Pipeline has been a long time coming. It has been talked about for the last thirty years.
- Yukoners were preparing for its imminent arrival in the mid-1970's but the years passed and there was still no pipeline.
- As a consequence, many have grown complacent about this massive undertaking, including the Government of Canada.
- Part of this complacency can be attributed to confusion surrounding supposedly competing pipeline routes, the MacKenzie Valley Gas Pipeline route versus the Alaska Highway Natural Gas Pipeline route.
- Only recently has it been recognized that these two pipeline routes are not in competition, both routes are going to be needed.
- The MacKenzie Valley Gas is destined primarily for development of the Alberta oil sands while the Alaska Highway Project will transport U.S. gas to U.S. markets in the south primarily for electrical generation.
- It should also be recognized that the MacKenzie Valley Gas Pipeline Project is only ¼ the size of the Alaska Highway Natural Gas Pipeline Project.
- The Government of Canada has been providing financial assistance to the N.W.T. to help its people prepare for construction of the MacKenzie line but has not, as yet, provided similar assistance to Yukoners for construction of the Alaska Highway line. The time has come for Canada to do so.

- The Government of Yukon supports the construction of both northern pipelines as North American demand will require gas from both northern Canada and Alaska.
- Both pipelines are going to be required to ensure that Yukon's estimated gas reserves of 20 trillion cubic feet have access to markets and are not stranded.
- The fact that the Alaska Highway Pipeline will be located in a corridor where more than 80% of Yukoners live means that its construction will have significant and direct effect on the lives of most Yukoners.
- Accordingly, this time our government wishes to ensure that Yukon First Nations will benefit from pipeline construction rather than merely experience its impact, as happened with the Gold Rush and the construction of the Alaska Highway.
- To accomplish this end, the Yukon government has facilitated and financially supported the creation of the Alaska Highway Aboriginal Pipeline Coalition.
- This coalition represents those Yukon First Nations whose traditional territories lie along the proposed pipeline corridor.
- We recognize that this project will also impact First Nations and communities off the route and we are committed to involving them in regulatory processes and capacity building.
- Further, their involvement will help create regulatory certainty for this project.
- In many ways the oil and gas industry is far ahead of governments in recognizing and supporting aboriginal participation in oil and gas development.
- We commend the industry for that support.



- The Yukon Government has made it a priority to ensure that Yukon First Nations are full partners in the economic development of the Yukon through the settlement of land claims and through other agreements.
- Currently, 10 of the 14 Yukon First Nations have settled their land claims, and work is progressing to enable all Yukon First Nations to benefit from the construction and economic spin-offs of the Alaska Highway Pipeline Project.
- At the same time we are forming partnerships with First Nations, we are also strengthening our ties with our neighbours in Alaska, Alberta, British Columbia, the Northwest Territories and Nunavut.
- I must point out here that a special relationship exists between Alaska and Yukon.
- Geography has made us neighbours and history has made us friends.
- In the winter of 2003, Governor Murkowski and I signed an Alaska-Yukon Intergovernmental Accord to work cooperatively on issues of mutual interest to our two governments.
- Through this agreement, we are cooperating on both the Alaska Highway Pipeline Project and the Alaska/Yukon Railway Project, as well as exploring other projects that could bring significant economic benefits on both sides of the border.
- Our government is using every opportunity it has to impress upon the Government of Canada how important the Alaska Highway Natural Gas Pipeline is to the Yukon and to Canada as a whole.
- From a Yukon perspective, we see significant benefits to Yukon from the project, and have outlined our interests, namely:
  - no “bullet” lines; the Yukon must have access and egress to the pipeline;
  - Yukon must receive a net fiscal benefit from the project;
  - Canada must invest in the Yukon to help prepare for the Alaska Highway Project just as Canada has invested in the Northwest Territories to prepare it for the MacKenzie Valley Project.

- The benefits to Yukon and Canada from the Alaska Highway Project are immense:
  - the Alaska Highway Pipeline will generate between 100,000 and up to 375,000 person years of employment for the Canadian economy over a 24 year period;
  - The project would boost Canada's GDP by a cumulative \$26 billion to \$31 billion including \$18.6 billion for B.C. and Yukon;
  - The project will be an expandable open – access project capable of carrying natural gas from Alaska, as well as Yukon and B.C.
- The construction of both the Alaska Highway Pipeline and the MacKenzie Valley Pipeline will inject billions of dollars into the North American economy.
- Our challenge is to experience the increased economic, education, training, business and employment opportunities while maintaining our unique northern lifestyle.
- There is no doubt we can meet this challenge.

V. **Alaska/Yukon Railway Project**

- While the benefits to Yukon from the construction of the Alaska Highway Pipeline and the MacKenzie Valley Gas Pipeline will be immense, the benefits from the construction of the Alaska/Yukon Railway Project will be immeasurable.
- It would be a project on a scale similar to the construction of the Alaska Highway that would forever change the map of Yukon.
- The construction of the Alaska/Yukon Railway Project would be to Yukon what the building of the CPR was to Canada.
- The concept of building a railroad from the lower 48 states to Alaska and ultimately to Russia is an old one dating back to 1845.

- An initial feasibility study was conducted by the U.S. Army Corps of Engineers in 1942.
- The study showed a capital cost of \$87 million for the line alone and another \$24 million for the rolling stock, that of course is in U.S. 1942 dollars.
- The line was to be a single track route, with sidings spaced at 10-mile intervals over a 1,417 mile route between Prince George, British Columbia, and Fairbanks, Alaska via Watson Lake and Faro in the Yukon.
- The route would utilize the Rocky Mountain and Tintina Trenches as well as the Ladue, White and Tanana River Valleys.
- The construction was to be completed in three years and create 16,000 jobs.
- The railroad line was not built at that time because of the critical steel shortage during the early part of World War II.
- The Alaska/Yukon Railroad Project did not have sufficiently high priority as compared to the production of the weapons of war such as tanks, trucks and artillery.
- Today there is renewed interest in the United States and particularly in Alaska to establish an International Canada – U.S. Joint Commission to conduct a feasibility study of the Alaska/Yukon Railroad Project.
- The Government of Canada for several years now has been requested to provide \$6 million to fund its participation in the International Joint Commission but to date has failed to do so, despite commitments made during the last election campaign.
- It is the intention of the Government of Yukon to make Canadian participation in the International Joint Commission part of the development of the comprehensive Northern Strategy that I referred to earlier.

- The results of a technical and economic feasibility study prepared by the Cooper Consulting Company of Kirkland, Washington with the sponsorship and support of the Canadian Arctic Railway Company of Surrey, B.C. were presented to the Alaska Highway International Forum last September.
- The results indicated that the proposed Alaska/Yukon railroad connector between Fairbanks, Alaska and Dawson Creek or Prince George, British Columbia, over a 2,490-mile route network was both technically and economically feasible.
- Initial capital costs were in the range of \$4 to \$6 billion by 2010 which would increase to between \$9 and \$11 billion by 2020 with electrification.
- Freight traffic would be expected to increase between 5 and 10 million tons per year by 2010 to between 70 and 120 million tons per year by 2050 with major commodities being crude oil and petroleum products, forest products, metal ores and equipment and intermodal freight.
- Whether the Government of Canada agrees with these findings or not, they certainly warrant further investigation by the International Joint Commission.
- Should the Alaska/Yukon connector line be built, the next step would be to build the Bering Strait railroad tunnel between Alaska and Chukotka in Russia in order to connect the North American railway systems to those in Russia and potentially China.
- Should these developments take place, the impact on world shipping patterns and centres of commerce would be enormous and beyond the present comprehension of most Canadians.

## **VI. Conclusion**

- Yukon's future, like its past, will continue to be shaped by major infrastructure development such as the two I have mentioned here today just as Canada's future was shaped by the building of the Canadian Pacific Railroad.
- The only certainty in today's world is that there will be change – changes in transportation systems, changes in shipping patterns, changes in centres of business and commerce, and changes in climate that will effect changes in the environment.
- It is my prediction that the north, and the Yukon and Alaska in particular, will be at the forefront of much of this change and in fact will focus the world's attention north of 60°.
- The north is coming of age and I believe we will fulfill Diefenbaker's vision of a new Canada, a Canada of the North: "A new vision! A new hope! A new soul for Canada!"
- In closing, I want to briefly mention another major event that will take place in Yukon – the 2007 Canada Winter Games.
- The Canada Winter Games are scheduled to take place in Whitehorse from February 24<sup>th</sup> – March 10<sup>th</sup> in 2007.
- As this is the first time an undertaking of this size will take place north of 60°, we are taking a pan-northern approach to the 2007 Canada Winter Games.
- My fellow northern premiers, Joe Handley of the Northwest Territories, and Paul Okalik of Nunavut, and I have joined force with the 2007 Canada Games host society president, Piers McDonald, to use these games to utilize this unique opportunity to showcase Canada's emerging frontier to all Canadians.
- As a result of this partnership, the 2007 Canada Games will be truly unique and special.

- We are planning a national marketing campaign that will promote awareness of the north and the upcoming games.
- The 2007 Canada Winter Games will provide an exceptional opportunity for the north to host the south.
- The three northern territories are very excited about this opportunity.
- It will allow all three territories to join hands in showcasing our cultures, our people, our communities, and our economic opportunities.
- It should be noted that this will be the 40<sup>th</sup> anniversary of the Canada Games.
- We want to make this spectacular national sporting and cultural event a memorable one for all Canadians.
- I would like to extend an invitation to each one of you here today to join us for what is bound to become a truly unique and special anniversary.
- Paul Flathery, the president of Northwestel and the vice-president of sponsorships for the host society is with us here today.
- Northwestel has already committed to be a major sponsor of the games.
- If you talk to Paul, he will share with you the exciting opportunity these games will provide private sector companies doing business in the north.
- I invite you all to consider joining with us by participating in this exciting venture.
- Come and experience the Yukon, the magic, the mystery – the opportunity and potential. You will be most welcome.
- Thank you for your attention today and may the new year be a safe, healthy one for all of you and yours.