



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

# **ENBRIDGE'S LINE 5: AN INTERIM REPORT**

**Report of the Special Committee on the Economic  
Relationship between Canada and the United States**

**Raj Saini, Chair**

**APRIL 2021  
43<sup>rd</sup> PARLIAMENT, 2<sup>nd</sup> SESSION**

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## **Report of the Special Committee on the Economic Relationship between Canada and the United States**

**Raj Saini  
Chair**

**APRIL 2021**

**43<sup>rd</sup> PARLIAMENT, 2<sup>nd</sup> SESSION**

## **NOTICE TO READER**

### **Reports from committees presented to the House of Commons**

Presenting a report to the House is the way a committee makes public its findings and recommendations on a particular topic. Substantive reports on a subject-matter study usually contain a synopsis of the testimony heard, the recommendations made by the committee, as well as the reasons for those recommendations.

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# **THE SPECIAL COMMITTEE ON THE ECONOMIC RELATIONSHIP BETWEEN CANADA AND THE UNITED STATES**

has the honour to present its

## **FIRST REPORT**

Pursuant to the order of reference of Tuesday, February 16, 2021, the committee has studied the economic relationship between Canada and the United States and has agreed to report the following:



## TABLE OF CONTENTS

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LIST OF RECOMMENDATIONS .....	1
ENBRIDGE'S LINE 5: AN INTERIM REPORT .....	3
Introduction.....	3
Prospects for Continued Operation of Line 5 .....	4
Some Possible Implications of a Shutdown of Line 5 .....	5
Government of Canada Actions Concerning Line 5 .....	8
Conclusion and Recommendations .....	10
APPENDIX A LIST OF WITNESSES .....	15
APPENDIX B LIST OF BRIEFS.....	19
MINUTES OF PROCEEDINGS .....	21
SUPPLEMENTARY OPINION OF THE CONSERVATIVE PARTY OF CANADA .....	23
SUPPLEMENTARY OPINION OF THE NEW DEMOCRATIC PARTY OF CANADA .....	27



# LIST OF RECOMMENDATIONS

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*As a result of their deliberations committees may make recommendations which they include in their reports for the consideration of the House of Commons or the Government. Recommendations related to this study are listed below.*

## **Recommendation 1**

**That the Government of Canada encourage Enbridge Inc. and the State of Michigan to resolve the dispute between them concerning the Line 5 pipeline through a negotiated or mediated settlement. The Government should convey to relevant parties that such a settlement is in their interests, and would benefit Canadians and Americans more generally. .... 11**

## **Recommendation 2**

**That the Government of Canada continue to engage with relevant stakeholders in both Canada and the United States concerning the Line 5 pipeline. In its engagement with U.S. decisionmakers, the Government should emphasize the importance of Line 5's continued operation for secure energy supplies, jobs and economic activity in both countries. Regarding domestic engagement, the Government should pursue an inclusive approach that gathers input from a broad range of organizations and individuals, including Indigenous Peoples. .... 12**

## **Recommendation 3**

**That, based on the information currently available to the Special Committee, the Government of Canada file an *amicus curiae* brief if a negotiated or mediated settlement permitting the continued operation of Line 5 is not reached between Enbridge, Inc. and the State of Michigan prior to the date by which such briefs must be filed. The brief should set out Canada's legal position with respect to the operation of pipelines that cross international boundaries, including but not limited to advising the court of any rights set out in bilateral or multilateral treaties or agreements, including the *1977 Agreement between the Government Of Canada and the Government of the United States Of America Concerning Transit Pipelines*. .... 12**

**Recommendations 4**

**That the Prime Minister of Canada and his Ministers pursue frequent and direct dialogue on the issue of Line 5 with the U.S. President and his administration, in an attempt to resolve this dispute diplomatically as soon as possible..... 12**

**Recommendation 5**

**That, in light of the external threat posed to Line 5’s continued operation, the Government of Canada should evaluate other possible vulnerabilities to Canada’s critical energy infrastructure and supply chains, and develop contingency plans to ensure that Canadian interests are protected in the event of disruptions. .... 12**

**Recommendation 6**

**That the Government of Canada work with industry to develop contingency plans designed to ensure that Canadian oil and gas products will continue to be delivered in a timely fashion to the Canadian refineries and industries that rely on the Line 5 pipeline should an interruption to Line 5’s service occur. .... 12**

**Recommendation 7**

**That members of the Parliament of Canada and other Canadian elected officials engage with members of the U.S. Congress and other U.S. elected officials in order to advise them of the importance to both Canada and the United States of the continued operation of Line 5 and that the Canada–United States Inter-Parliamentary Group be involved in such efforts..... 13**



## ENBRIDGE'S LINE 5: AN INTERIM REPORT

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### INTRODUCTION

On 16 February 2021, the House of Commons adopted a motion creating the Special Committee on the Economic Relationship between Canada and the United States (the Special Committee). Paragraph k of the motion instructs the Special Committee to:

present an interim report, concerning an analysis of the importance of the Enbridge Line 5 pipeline to both countries' economies and the consequences of its possible closure, including the labour market implications caused by layoffs of unionized and other workers, together with recommendations to address and safeguard Canadian interests, no later than Thursday, April 15, 2021.

Enbridge Inc.'s (Enbridge's) Line 5 pipeline (Line 5) has been in use since 1953, and transports up to 540,000 barrels of light crude oil and natural gas liquids per day. These petroleum products are refined into propane, gasoline, jet fuel and other products at refineries and factories in Ontario and Quebec, as well as in Indiana, Michigan, Ohio and Pennsylvania. Line 5 runs eastward from Superior, Wisconsin to Sarnia, Ontario and crosses the Straits of Mackinac (the Straits) – a 50-kilometre channel that connects Lake Michigan with Lake Huron – in Michigan.

On 13 November 2020, citing environmental concerns, Michigan's Governor issued a notice revoking and terminating the easement that authorizes Enbridge to operate a dual pipeline across the Straits, and gave Enbridge 180 days – until 12 May 2021 – to shut down this section of Line 5. Both Enbridge and the State of Michigan (Michigan) have initiated litigation, and Enbridge has stated publicly that it intends to continue operation of the pipeline after the 12 May 2021 deadline. At the same time, the Great Lakes Tunnel Project, which would replace the existing pipeline in the Straits with a new pipeline housed in a tunnel running under the Straits, is currently in the process of securing the necessary regulatory approvals at the U.S. state and federal levels.

The possible shutdown of Line 5 has raised concerns in Canada about the security of energy supplies, job losses and other negative effects. Line 5 contributes to the Canada–U.S. economic relationship, creates opportunities for cross-border trade in energy products, and helps to ensure that consumers in both countries can access these products reliably.

The Special Committee held five meetings between 2 March 2021 and 30 March 2021 during which 18 witnesses spoke about Line 5. The Special Committee heard from:



Canada's Minister of Natural Resources; Canada's Ambassador to the United States; federal, provincial and municipal officials, including ministers; Enbridge; trade associations; organized labour groups; and an academic. Michigan's Department of Environment, Great Lakes, and Energy, Department of Transport, and Public Service Commission, as well as the Bad River Band of Lake Superior Chippewa, were invited to appear before the Special Committee, but were either unavailable or declined.

This interim report summarizes witnesses' comments about Line 5 and makes seven recommendations to the Government of Canada. Witnesses' views about other topics will be considered in the context of future Special Committee reports on the Canada–U.S. economic relationship. In particular, this interim report considers the prospects for Line 5 continuing to operate, some possible implications of its shutdown, and past, current and future actions by the Government of Canada concerning Line 5. It also provides the Special Committee's conclusions and recommendations.

## PROSPECTS FOR CONTINUED OPERATION OF LINE 5

Witnesses identified several means by which the Line 5 dispute between Enbridge and Michigan could be resolved: negotiation or mediation; ongoing litigation; U.S. federal intervention; or timely completion of the Great Lakes Tunnel Project. The vast majority of witnesses emphasized that Line 5 should continue to operate.

[Enbridge](#) stated its preference for a negotiated or mediated settlement with Michigan prior to the 12 May 2021 deadline for shutting down Line 5. In expressing a similar preference, [Canada's Minister of Natural Resources](#) and [Canada's Ambassador to the United States](#) described recent court-ordered mediation as a positive development that could resolve the dispute before the deadline. The [Mayor of Sarnia](#) and the [Sarnia Construction Association](#) also preferred a negotiated settlement to the dispute, rather than resolution through litigation.

[Alberta's Minister of Energy](#) argued that, if mediation is unsuccessful, continued operation of Line 5 could occur through litigation of the dispute. In that regard, [Enbridge](#) asserted that Michigan would need a court injunction to stop it from operating Line 5 after the 12 May 2021 deadline, an outcome that it does not expect to occur. [Enbridge](#) noted that the first hearing of the U.S. federal litigation is scheduled for 12 May 2021. In [Enbridge's](#) view, this litigation is likely to be reviewed by "multiple levels of U.S. federal court" and will not be resolved for "many years." [Ontario's Associate Minister of Energy](#), as well as [Local 663](#) of the United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada, expressed concern

about a U.S. court being the decisionmaker regarding an issue of such importance to Canada.

[Saskatchewan's Minister of Energy and Resources](#), the [Mayor of Sarnia](#) and the [Sarnia Construction Association](#), as well as [Local 663](#) of the United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada, saw the U.S. federal government as potentially having a role to play in resolving the Line 5 dispute. [Enbridge](#) underscored that, while the Trump administration had publicly supported Line 5, the Biden administration has – to date – not stated its position. [Global Affairs Canada](#) emphasized that the dispute is a “state-to-state issue” between the Government of Canada and the U.S. federal government, with [Enbridge](#) and [Canada's Building Trades Unions](#) stressing that Line 5 is regulated by the U.S. federal Pipeline and Hazardous Materials Safety Administration.

Noting the Michigan Governor's support for the Great Lakes Tunnel Project, [Enbridge](#) characterized the project as “the answer” that, when completed, would eliminate the environmental risk motivating Michigan's objections to Line 5. [Global Affairs Canada](#) made similar comments, framing the dispute between Enbridge and Michigan as concerning whether Line 5 should be shut down until the tunnel is completed, currently scheduled for 2024.

[Canada's Minister of Natural Resources](#) remarked on the impacts of a possible shutdown of Line 5 and described the pipeline's continued operation as “non-negotiable.” The [Canadian American Business Council](#) said that Line 5 is an “essential service,” and predicted that a shutdown would have “pretty dramatic” results. [Alberta's Minister of Energy](#) cautioned that a shutdown would “devastate Alberta.”

## **SOME POSSIBLE IMPLICATIONS OF A SHUTDOWN OF LINE 5**

In considering the potential effects of a possible shutdown of Line 5, witnesses focused on secure energy supplies, transportation adjustments and limitations, shortages of energy products, price changes, job losses, and Canada's relations with Michigan and some other U.S. states.

[Canada's Minister of Natural Resources](#), the [Canadian Chamber of Commerce](#) and the [Canadian Propane Association](#) maintained that Line 5 contributes to secure energy supplies for Canada and/or the United States. [Canada's Minister of Natural Resources](#) stated that Line 5 supplies four refineries in Ontario and two in Quebec. Moreover, the [Canadian Chamber of Commerce](#) said that central Canada's supplies of gasoline, heating fuel and jet fuel depend on Line 5, while [Canada's Minister of Natural Resources](#) and



[Enbridge](#) observed that Line 5 supplies 55% of Michigan’s propane needs. The [Canadian Propane Association](#) highlighted that Line 5 is the only pipeline that supplies propane to Southern Ontario. According to [Saskatchewan’s Minister of Energy and Resources](#), the Enbridge Mainline – of which Line 5 is a part – is the “only real pipeline egress” for that province’s energy producers.

The [Canadian American Business Council](#), [Canada’s Building Trades Unions](#) and the [Canadian Propane Association](#) commented that a shutdown of Line 5 would increase the number of trucks, railcars and/or barges that carry energy products through certain parts of Canada and the United States. [Natural Resources Canada](#) asserted that, in the event of a shutdown, “approximately 2,100 tanker trucks per day leaving Superior and heading east across Michigan, and roughly 800 railcars travelling on Michigan’s rails,” would be required to transport the products that are moved by Line 5. In the view of the [Canadian Chamber of Commerce](#), “up to 2,000 tanker trucks or 800 railcars a day would be needed to absorb the displaced product.” [Canada’s Building Trades Unions](#) provided an estimate of “upwards of 2,000 trucks a day or 800 railcars,” while [Enbridge](#) mentioned “15,000 dedicated trucks per day” or “800 extra railcars a day.”

[Alberta’s Minister of Energy](#) noted that, if Line 5 shuts down, refineries in Montreal would have a number of options for sourcing their energy inputs: rail or truck from Western Canada; tankers from various countries, including members of the Organization of the Petroleum Exporting Countries; or a pipeline from Portland, Maine. HEC Montréal’s [Pierre-Olivier Pineau](#), who appeared before the Special Committee as an individual, claimed that a shutdown of Line 5 could restart the “virtually unused” pipeline from Portland to Montreal.

The [Canadian Chamber of Commerce](#) contended that increased train and truck traffic due to a shutdown of Line 5 would lead to higher shipping costs, greenhouse gas emissions, and congestion for Canadian and U.S. commuters. As well, the [Laborers’ International Union of North America](#) suggested that greater truck congestion resulting from such a shutdown would have a “significantly detrimental” effect on at least some sectors that rely on just-in-time parts delivery, including automotive. According to the [Laborers’ International Union of North America](#), some legislators in Michigan are concerned that more demand for trucks and trains to transport petroleum products could negatively affect the agricultural sector. [Canada’s Minister of Natural Resources](#), [Enbridge](#), the [Canadian Chamber of Commerce](#) and the [Sarnia Construction Association](#) commented that alternative modes of transportation would not be as safe as Line 5.

[Enbridge](#) and the [Canadian Propane Association](#) thought that – in the short term – it would be difficult, if not impossible, for alternative transportation methods to ship both

their current products and the volume of crude oil and natural gas liquids currently moved by Line 5. [Alberta's Minister of Energy](#) predicted that a shutdown of Line 5 would create a "bottleneck" of oil in "the Midwest," thereby limiting the flow of up to 400,000 barrels per day of Alberta's oil.

According to [Enbridge](#), if Line 5 shuts down, refineries in Ontario and Quebec, as well as in Indiana, Michigan, Ohio and Pennsylvania, would be unable to obtain the volumes of crude oil and natural gas liquids that they need. Consequently, Enbridge asserted that a shutdown would lead to gasoline, diesel, jet fuel, propane and butane shortages in those provinces and states. Both [Canada's Minister of Natural Resources](#) and the [Canadian American Business Council](#) maintained that a shutdown would cause a propane shortage of more than 750,000 gallons per day in Michigan.

The [Canadian Propane Association](#) underlined that a "prolonged" shutdown of Line 5 would have "severe and lasting consequences" for the supply of propane to Ontario, Quebec and Atlantic Canada. As well, the [Canadian Propane Association](#) remarked that 25% and 45% of propane that is "marketed" in Ontario and Quebec, respectively, is used by hospitals, schools and firms. The [Canadian Propane Association](#) concluded that, if a shutdown occurs, "facilities" in rural areas of Eastern Canada might encounter "great difficulties."

[Canada's Building Trades Unions](#) said that a shutdown of Line 5 would increase the price of gas, propane and petrochemical products that are used in manufacturing, and [Enbridge](#) estimated that the price of propane would rise by 38 cents per gallon in Michigan. In the view of [Local 663](#) of the United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada, fuel costs could potentially triple. [Alberta's Minister of Energy](#) claimed that, due to the expected "bottleneck" of oil in the Midwest, the shutdown would put downward pressure on the price that Alberta's oil producers would receive for their sales of that commodity.

In the opinion of [Canada's Minister of Natural Resources](#), thousands of jobs "on both sides of the border" depend on Line 5. [Canada's Minister of Natural Resources](#), [Ontario's Associate Minister of Energy](#), the [Canadian Chamber of Commerce](#) and the [Laborers' International Union of North America](#) observed that Line 5 directly or indirectly supports more than 20,000 jobs in Sarnia.

[Canada's Building Trades Unions](#) believed that Line 5's shutdown could potentially cause 25,000 job losses, and the [Explorers and Producers Association of Canada](#) noted "significant negative consequences" for U.S. jobs. From a sectoral perspective, the [Laborers' International Union of North America](#) stated that the shutdown could affect



jobs in such sectors as automobiles, cosmetics and medical supplies, and [Local 663](#) of the United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada mentioned – including in relation to certain small businesses – job losses and the closure of operations in such sectors as oil and gas, electronics, automobile manufacturing, agriculture, cosmetics, sporting goods, pharmaceuticals and medical supplies.

While witnesses did not identify any study of the number of jobs that would be affected in each province due to a shutdown of Line 5, the [Laborers' International Union of North America](#) indicated that job losses would occur in Alberta, Ontario and Quebec, as well as in Michigan, Ohio, Pennsylvania and Wisconsin. Moreover, [Canada's Minister of Natural Resources](#) described Line 5 as a “lifeline” for Quebec’s petrochemical sector, including two refineries in that province, as well as refineries in Ohio. According to [Enbridge](#), it does not have an estimate of the number of jobs that would be lost in sectors in Quebec that would be affected by a shutdown.

In pointing out that energy integration and “critical trading relationships” are “important for jobs and economies on both sides of the [Canada–U.S.] border,” [Alberta's Minister of Energy](#) asserted that a shutdown of Line 5 would “threaten” the province’s relationship with Michigan, and perhaps other U.S. states. According to [Saskatchewan's Minister of Energy and Resources](#), a shutdown would “shut off” a “crucial means of keeping families working and warm, businesses and crucial sectors powered, and successful cross-border relationships thriving.” The [Mayor of Sarnia](#) contended that Michigan’s Governor has damaged the state’s relationship with Ontario and “border cities.”

## **GOVERNMENT OF CANADA ACTIONS CONCERNING LINE 5**

Witnesses spoke about past, current and future Government of Canada actions relating to the dispute between Enbridge and Michigan concerning Line 5. Their focus was: exploring various options for action; engaging with decisionmakers and other stakeholders; and attempting to address the dispute through legal means.

[Canada's Minister of Natural Resources](#), [Canada's Ambassador to the United States](#) and [Global Affairs Canada](#) suggested that the Government of Canada is examining its options for future actions concerning Line 5, with [Canada's Minister of Natural Resources](#) stating that the Government is preparing to take whatever actions are needed to ensure that Line 5 remains in operation. [Ontario's Associate Minister of Energy](#) urged the Government “to keep all options on the table,” while [Canada's Building Trades Unions](#) thought that the Government and all elected officials should do everything in their

power to prevent a shutdown. Similarly, the [Explorers and Producers Association of Canada](#) commented that the Government should “prevent a stoppage.”

Regarding engagement with decisionmakers and other stakeholders, [Canada’s Minister of Natural Resources](#) recalled discussing Line 5 during a meeting with the U.S. Secretary of Energy, while [Canada’s Ambassador to the United States](#) remarked that Canada’s Prime Minister raised the issue of Line 5 with the U.S. President and the U.S. Secretary of State, and mentioned her conversations with Michigan’s current and immediate past Governors.

The [Canadian Chamber of Commerce](#) called for the Government of Canada to continue its engagement with the Biden administration with a view to finding a “swift and amicable resolution” to the Enbridge–Michigan dispute. [Local 663](#) of the United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada proposed that Canada’s Prime Minister should “deal directly” with the U.S. President on the topic of Line 5, and the [Sarnia Construction Association](#) underlined that the Prime Minister should “stress the urgency” of the potential shutdown of Line 5 in conversations with both the President and Michigan’s Governor. According to [Enbridge](#), relevant Canadian governments should encourage U.S. federal and state governments to recognize that Line 5 is a “very important” binational issue, that various Canadian provinces and U.S. states rely on the pipeline for energy, and that a “diplomatic solution” is needed.

[Global Affairs Canada](#) indicated that the Government of Canada is working with Enbridge to engage with Michigan and other U.S. states that have “a vested interest in Line 5.” [Canada’s Ambassador to the United States](#), [Global Affairs Canada](#) and [Natural Resources Canada](#) commented on their interactions with provincial governments regarding Line 5, with [Natural Resources Canada](#) adding that it was not aware of any direct engagement the department might have had with Indigenous communities.

[Ontario’s Associate Minister of Energy](#), [Enbridge](#) and the [Canadian Chamber of Commerce](#) advocated maintaining the “Team Canada” approach – a coordinated effort among the Government of Canada, relevant provinces and other stakeholders – as actions are taken to support continued operation of Line 5. [Ontario’s Associate Minister of Energy](#) stated that Government of Ontario officials are working with Natural Resources Canada and the energy ministries of Alberta, Quebec and Saskatchewan.

Finally, concerning resolution of the dispute about Line 5 through legal means, [Enbridge](#) and the [Canadian Chamber of Commerce](#) urged the Government of Canada to support Enbridge’s legal assertion – currently the subject of litigation in the United States – that the safety of Line 5 is solely a matter of U.S. federal jurisdiction. [Alberta’s Minister of](#)



[Energy](#) and [Ontario's Associate Minister of Energy](#) spoke about the potential for the Government to participate in U.S. court proceedings about Line 5 by submitting an *amicus curiae* brief and, along with [Saskatchewan's Minister of Energy and Resources](#), noted collaboration with the Government in this regard.

[Global Affairs Canada](#) pointed out that the Government of Canada has considered invoking the *1977 Agreement between the Government Of Canada and the Government of the United States Of America Concerning Transit Pipelines* (1977 Transit Pipelines Treaty) in an attempt to resolve the dispute about Line 5. [Alberta's Minister of Energy](#), [Ontario's Associate Minister of Energy](#), [Enbridge](#), the [Canadian Chamber of Commerce](#) and [Canada's Building Trades Unions](#), as well as [Local 663](#) of the United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada, commented on the Government possibly invoking the treaty, with the [Canadian Chamber of Commerce](#) noting that the treaty could be used if the dispute cannot be resolved “amicably” or through “diplomatic channels outside of court.” Similarly, [Alberta's Minister of Energy](#) believed that the treaty should be invoked if “diplomacy or results in litigation” do not end the dispute.

In commenting on the politicization of matters relating to Line 5, [Mr. Pineau](#) contended that decisions about pipelines and energy infrastructure should be made independently by regulatory agencies. In Mr. Pineau's view, these decisions should be based on long-term planning in relation to U.S. and Canadian energy needs, among other considerations.

## CONCLUSION AND RECOMMENDATIONS

Line 5 is a significant aspect of Canada's economic relationship with the United States and contributes to secure energy supplies in both countries. Its shutdown could have many implications, including reduced safety, shortages of various energy products on both sides of the Canada–U.S. border, transportation bottlenecks for Alberta's crude oil, and job losses for Canadian and American workers. In this context, the Special Committee believes that the Government of Canada's efforts designed to ensure that Line 5 remains in operation are vital.

The dispute between Enbridge and Michigan regarding the operation of Line 5 could potentially be resolved through negotiation or mediation, litigation, intervention by the U.S. federal government and/or the expeditious completion of the Great Lakes Tunnel Project. In the Special Committee's view, any resolution should be both timely and enduring, and ideally would involve a negotiated or mediated settlement between Enbridge and Michigan.

To date, the Government of Canada's efforts to support the continued operation of Line 5 have included direct engagement with numerous high-level U.S. decisionmakers, including the U.S. President and certain members of his cabinet, as well as Michigan's Governor. Additional engagement could facilitate a resolution to the dispute between Enbridge and Michigan if it leads to a common understanding about the significance of Line 5 and the potential effects of the pipeline's shutdown. From that perspective, the Special Committee feels that continued engagement between the Governments of Canada and the United States is critically important to the continued operation of Line 5. However, effective bilateral engagement need not be limited to the executive branch. Canadian legislators can support Line 5 through direct engagement with their U.S. counterparts.

In addition, with a view to supporting Line 5, the Government of Canada has been engaging with a variety of Canadian stakeholders, including Enbridge and provincial governments. The Special Committee supports such a "Team Canada" approach and believes it should include consideration of all relevant perspectives – including those of Indigenous Peoples – as decisions are made and actions are taken. As well, domestic engagement could involve helping sectors that rely on Line 5 to develop contingency plans that would be activated if the pipeline is shut down.

The Government of Canada may take legal action aimed at ensuring the continued operation of Line 5. If Enbridge and Michigan are unable to resolve the dispute between them, the Special Committee believes that invoking the 1977 Transit Pipelines Treaty or the provisions of any other relevant international agreement, as well as filing an *amicus curiae* brief in the U.S. federal court litigation, could assist in resolving the dispute.

Ideally, Line 5 and other elements of Canada–U.S. energy infrastructure and supply chains will continue to operate without interruption. From the Special Committee's perspective, the importance of this infrastructure and these supply chains highlights a need for the Government of Canada to understand all risks that could affect their viability. This understanding could help the Government to limit adverse effects for Canada, and thereby contribute to a productive and reliable energy relationship with the United States.

In light of the foregoing, the Special Committee recommends:

#### **Recommendation 1**

**That the Government of Canada encourage Enbridge Inc. and the State of Michigan to resolve the dispute between them concerning the Line 5 pipeline through a negotiated or mediated settlement. The Government should convey to relevant parties that such a**



**settlement is in their interests, and would benefit Canadians and Americans more generally.**

#### **Recommendation 2**

**That the Government of Canada continue to engage with relevant stakeholders in both Canada and the United States concerning the Line 5 pipeline. In its engagement with U.S. decisionmakers, the Government should emphasize the importance of Line 5's continued operation for secure energy supplies, jobs and economic activity in both countries. Regarding domestic engagement, the Government should pursue an inclusive approach that gathers input from a broad range of organizations and individuals, including Indigenous Peoples.**

#### **Recommendation 3**

**That, based on the information currently available to the Special Committee, the Government of Canada file an *amicus curiae* brief if a negotiated or mediated settlement permitting the continued operation of Line 5 is not reached between Enbridge, Inc. and the State of Michigan prior to the date by which such briefs must be filed. The brief should set out Canada's legal position with respect to the operation of pipelines that cross international boundaries, including but not limited to advising the court of any rights set out in bilateral or multilateral treaties or agreements, including the 1977 *Agreement between the Government Of Canada and the Government of the United States Of America Concerning Transit Pipelines*.**

#### **Recommendation 4**

**That the Prime Minister of Canada and his Ministers pursue frequent and direct dialogue on the issue of Line 5 with the U.S. President and his administration, in an attempt to resolve this dispute diplomatically as soon as possible.**

#### **Recommendation 5**

**That, in light of the external threat posed to Line 5's continued operation, the Government of Canada should evaluate other possible vulnerabilities to Canada's critical energy infrastructure and supply chains, and develop contingency plans to ensure that Canadian interests are protected in the event of disruptions.**

#### **Recommendation 6**

**That the Government of Canada work with industry to develop contingency plans designed to ensure that Canadian oil and gas products will continue to be delivered in a**

**timely fashion to the Canadian refineries and industries that rely on the Line 5 pipeline should an interruption to Line 5's service occur.**

**Recommendation 7**

**That members of the Parliament of Canada and other Canadian elected officials engage with members of the U.S. Congress and other U.S. elected officials in order to advise them of the importance to both Canada and the United States of the continued operation of Line 5 and that the Canada–United States Inter-Parliamentary Group be involved in such efforts.**



## APPENDIX A LIST OF WITNESSES

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The following table lists the witnesses who appeared before the committee at its meetings related to this report. Transcripts of all public meetings related to this report are available on the committee's [webpage for this study](#).

Organizations and Individuals	Date	Meeting
<p><b>Department of Foreign Affairs, Trade and Development</b></p> <p>Steve Verheul, Chief Trade Negotiator and Assistant Deputy Minister Trade Policy and Negotiations</p> <p>Michael Grant, Assistant Deputy Minister Americas</p>	2021/03/02	2
<p><b>Department of Natural Resources</b></p> <p>Hon. Seamus O'Regan, C.P., M.P., Minister of Natural Resources</p> <p>Jean-François Tremblay, Deputy Minister</p> <p>Glenn Hargrove, Assistant Deputy Minister Strategic Petroleum Policy and Investment Office</p> <p>Mollie Johnson, Assistant Deputy Minister Low Carbon Energy Sector</p> <p>Jeff Labonté, Assistant Deputy Minister Lands and Minerals Sector</p> <p>Beth MacNeil, Assistant Deputy Minister Canadian Forest Service</p>	2021/03/04	3
<p><b>Embassy of Canada to the United States of America</b></p> <p>Kirsten Hillman, Ambassador of Canada to the United States</p>	2021/03/04	3
<p><b>Canadian American Business Council</b></p> <p>Maryscott Greenwood, Chief Executive Officer</p>	2021/03/16	4

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>Canadian Chamber of Commerce</b> Mark Agnew, Vice-President Policy and International Aaron Henry, Senior Director Natural Resources and Sustainability	2021/03/16	4
<b>Enbridge Inc.</b> Vern Yu, Executive Vice-President and President Liquids Pipelines	2021/03/16	4
<b>As an individual</b> Pierre-Olivier Pineau, Professor Chair in Energy Sector Management, HEC Montréal	2021/03/18	5
<b>Canada's Building Trades Unions</b> Sean Strickland, Executive Director	2021/03/18	5
<b>Canadian Propane Association</b> Nancy Borden, Board Chair and Owner Vancouver Island Propane Services Dan Kelly, Past Chair and Chief Financial Officer Dowler-Karn Limited Mark Mundy, Member and Vice-President Logistics, NGL Supply Co. Ltd. Shawn Vammen, Member and Senior Vice-President Superior Gas Liquids, Superior Plus	2021/03/18	5
<b>Explorers and Producers Association of Canada</b> Tristan Goodman, President	2021/03/18	5
<b>Laborers' International Union of North America</b> Joseph S. Mancinelli, International Vice-President Central and Eastern Canada Regional Manager Jason McMichael, Director of Government and Community Relations LiUNA Local 1089	2021/03/18	5
<b>City of Sarnia</b> Mike Bradley, Mayor	2021/03/30	6
<b>Government of Alberta</b> Hon. Sonya Savage, Minister of Energy	2021/03/30	6

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>Government of Ontario</b> Bill Walker, Associate Minister of Energy Ministry of Energy, Northern Development and Mines	2021/03/30	6
<b>Government of Saskatchewan</b> Hon. Bronwyn Eyre, Minister of Energy and Resources	2021/03/30	6
<b>Sarnia Construction Association</b> Andrew Pilat, General Manager	2021/03/30	6
<b>UA Local 663</b> Scott Archer, Business Agent	2021/03/30	6



## **APPENDIX B LIST OF BRIEFS**

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The following is an alphabetical list of organizations and individuals who submitted briefs to the committee related to this report. For more information, please consult the committee's [webpage for this study](#).

**Canada's Building Trades Unions**

**Canadian Fuels Association**

**Ontario Federation of Agriculture**

**Sarnia-Lambton Economic Partnership**



# MINUTES OF PROCEEDINGS

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos. 2 to 8](#)) is tabled.

Respectfully submitted,

Raj Saini  
Chair



## SUPPLEMENTARY OPINION OF THE CONSERVATIVE PARTY OF CANADA

The overwhelming evidence presented to the Special Committee on the Economic Relationship between Canada and the United States (the Special Committee) made it clear to Conservatives that the continued operation of Line 5 is of national importance, and the fact that its continued operation is under threat is of great national concern. The construction, 68-year operation, and shared access to valuable resources this pipeline has provided lies at the heart of the trading relationship Canadians and Americans rely upon, for our joint benefit in an energy insecure world.

Line 5 provides over 50% of the crude oil that is used in Ontario and Quebec. The Special Committee heard that, “Line 5 is not just a pipeline. It's an economic lifeline for both Canada and the U.S. A disruption would impede access to the energy that's needed to run our economies. It would cause energy shortages and significantly impact the price of gasoline, diesel, propane, jet fuel, plastics and chemicals.”<sup>1</sup>

Line 5 provides important feedstock for the petrochemical industry in both Sarnia and Montreal. The MP for Sarnia Lambton, Marilyn Gladu, has been fighting for the workers and industries in her riding who would be devastated by a Line 5 shutdown or interruption. She noted that in her riding alone a shutdown of the pipeline would cost more than 20,000 jobs. It is an important source of propane in Ontario, Quebec and Atlantic Canada. At peak demand it provides Ontario with 16 million litres of propane, 25 per cent of which is used by hospitals, schools and businesses.<sup>2</sup>

There is no immediate way to replace the 540,000 barrels a day of crude oil and natural gas liquids moved by Line 5. The Special Committee was told that to do so would require 15,000 dedicated trucks per day and could require an additional 800 rail cars per day. The resulting increase of truck and rail traffic would be extremely disruptive to existing supply chains and would cause unprecedented congestion at some of our busiest international border crossings.

The continued operation of Line 5 to the security and economic well being of Canada should not be left to foreign courts to resolve. Nor should the Government of Canada give up the fight and declare that this is a decision that rests solely in the hands of American politicians as was the case with the Keystone XL extension. The Prime Minister's failure to facilitate the continued construction of the Keystone XL pipeline has had a devastating impact on construction workers and our world class energy sector and the men and women who depend on it to provide for their families. Conservatives are concerned that the Prime Minister and his government are using the same failed tactics they used in their failed effort to protect Keystone XL jobs with Line 5 and are somehow expecting to achieve a different result.

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<sup>1</sup> Mr. Vern Yu (Executive Vice-President and President, Liquids Pipelines, Enbridge Inc.)

<sup>2</sup> Mr. Dan Kelly (Chief Financial Officer, Dowler-Karn Limited, and Past Chair, Canadian Propane Association)

Line 5 demands a political response at the highest levels. This cannot be delegated to Canadian Ministers, U.S. State Officials or bureaucrats on either side of our shared border. Conservatives are calling on the Prime Minister himself to champion the continued operation of Line 5 directly with President Biden and his Administration to resolve this dispute diplomatically as soon as possible. This view was supported by Scott Archer UA Local 663 who said “I'd like to issue a challenge to Prime Minister Trudeau and the federal government. This is a call to action. As Canadians, this is non-negotiable. You need to take a stand to protect Canadian families, businesses and industry.”

At the outbreak of COVID-19 Canadians learned the hard lesson of relying on foreign countries for critical supply chains and manufacturing capacity, even with close trading partners and allies. We saw how a failure to plan for worst case scenarios threatened the lives and livelihoods of our citizens. Conservatives support the Committee’s recommendation calling on the government to use the lesson that the threat to Line 5 has taught us and evaluate other possible vulnerabilities to Canada’s critical energy infrastructure and supply chains.

The only reason that the continued operation of Line 5 is threatened is because of the unilateral actions of a subnational foreign government. With this in mind, Conservatives believe that the evidence heard during this study should compel the Government of Canada to do better when it comes to protecting Canadian jobs and Canadian energy sovereignty and security. While we demand that the Government of Canada do more to stand up for international pipelines like Line 5 and insist that the treaties designed to prevent political interference in their operation be enforced in the immediate term, we are also calling on the Government of Canada to foster an environment that will encourage the private sector to invest in pipeline projects and routes that will deliver Canadian oil and gas to Canadian refineries and industries through a Canadian pipeline. We believe that the government should consider the positive economic and national energy security benefits of such projects when evaluating them.

Unfortunately, the Special Committee learned that “...in Canada pipelines are a challenge and building a brand new pipeline across Canada would be as big a challenge as keeping this existing [Line 5] pipeline operating. In fact, it might actually be an even bigger challenge to get unanimity from Canadians to do that. We've seen multiple occasions where we can't, as a country, get behind building pipelines. It's important to keep the existing ones up and running.”<sup>3</sup>

The Liberal government has over a number of years soured private sector investors on the development of pipelines in Canada. It had to purchase and nationalize the Trans Mountain Pipeline project and introduced uncertainty into the private sector proponent’s timelines and outcome. It effectively cancelled the Northern Gateway Pipeline after it received regulatory approval. TC Energy cited the burdensome regulatory process imposed by the Government of Canada as one of the main reasons for halting their application to bring western Canadian oil to central and eastern Canadian refineries along an entirely Canadian pipeline route. The Canadian

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<sup>3</sup> Mr. Vern Yu (Executive Vice-President and President, Liquids Pipelines, Enbridge Inc.)

Energy Pipeline Association has said the Liberals' Bill C-69 would result in no new pipelines being built in Canada again.

Conservatives believe that if we are to secure the future for Canada, we must do a better job of securing our critical supply chains and protecting our energy infrastructure from threats, foreign and domestic. We must stand up for Canadian workers when their jobs are threatened and stand up to foreign governments that threaten our economic well-being and national energy security. The Government of Canada must restore our competitiveness and investor confidence in Canada so that more of the things that we rely on are made in Canada, by Canadians and will be there for Canadians when we need them the most.



# **SUPPLEMENTARY OPINION OF THE NEW DEMOCRATIC PARTY OF CANADA**

## **LINE 5 AND ENERGY IN CANADA**

Canada and the world are in the midst of a climate crisis. In order for Canada to do its part in reducing greenhouse gas (GHG) emissions, we must set clear short and long-term emissions reduction targets and take meaningful action to meet them. Any credible plan to do this must include a strategy for Canada's energy sector.

Unfortunately, Liberal and Conservative governments have shown themselves to be incapable of leading the conversation Canada needs to have about its energy sector. Both parties continue to support and promote a model for Canadian oil and gas development built on an unbridled expansion of Canada's extractive industry.

The State of Michigan's unilateral revocation of a permit for Enbridge's Line 5 pipeline presents us with an opportunity to think about what Canada can do differently, both on climate and on our relationship with our American neighbours.

Enbridge's Line 5 is a major crude oil pipeline providing feed stock for Ontario and Quebec refineries. Line 5 carries 540,000 barrels per day of light crude and propane. There have been no leaks at the Straits of Mackinac crossing in the 63 years the pipeline has been in operation, and Enbridge's proposed tunnel would make the pipeline safer without expanding capacity.

Shutting down Line 5 means higher energy costs and job losses at Canadian refineries, without doing anything to reduce our dependence on oil and oil-derived products or reducing our emissions.

As New Democrats, we recognize the importance of trade to Canada's economic success and that the United States is our most significant trading partner.

The critical area for the future of the US-Canada relationship is how we align to create clean jobs and reduce emissions in sync with each other. Neither of our countries can afford to be climate laggards, and we can only become global climate leaders by working together to drive down emissions and decarbonize our economies.

Studying Canada's most important relationship is important – but it should focus on these emerging issues of the future instead of only rehashing old debates.

New Democrats recognize that demand for oil and gas will not disappear overnight. Even as we decarbonize our heating and transportation, demand will remain for a long list of products that the petrochemical industry plays an essential role in making, including many of the devices that power the digital economy.

A Canadian government properly focused on the public interest would have a plan for the energy sector that identifies an environmentally sustainable rate of oil and gas extraction built on a carbon budget designed to reduce Canada's share of GHG emissions to a level consistent with limiting global warming to 1.5 degrees Celsius.

While those targets would, as they must, be driven by climate science, they would also place the Canadian energy sector in a better position to follow the market. More and more economies are transitioning away from fossil fuel use in heating and transportation. Global investment firms, insurance companies and other large economic players are beginning to structure their businesses around the need to transition away from fossil fuels and adapt to the consequences of climate change that we are already experiencing and that will become more pronounced in the decades to come.

Through the first decade of this century the energy market attracted massive investment into the Canadian oil and gas sector and rewarded adoption of the 'rip and ship' model. While multinational companies were making huge profits, workers from across the country who could go to work in the oil patch enjoyed steady work and high wages.

Those economic conditions no longer obtain. In the aftermath, we see that the lack of a strategy has left workers unemployed, with homes that are no longer worth the value of their mortgages and a planet that is closer to climate disaster.

With the good times over, private economic actors are trying to squeeze as much value out of their assets as quickly as possible. The question Canadians should be asking is whether corporate strategies for short-term profit are really identical with Canada's long-term public interest.

Conservatives in Canada answer this question with a 'yes'. The underlying theme of their statements on energy issues is that anything that is good for oil and gas companies must also be good for Canada as a whole. They have therefore argued in defense of tax breaks and subsidies to oil and gas companies, less stringent environmental regulation – going so far as to deny the reality of climate change – and massive public investment in private oil and gas projects. Alberta Premier Jason Kenney's recent decision to invest billions of dollars of Albertans' money into the now defunct Keystone XL pipeline is a case in point.

While Liberals may be more reluctant to say 'yes', their actions tell a different story. Despite an alleged revamp of Canada's environmental review process, controversial natural resource projects, including major pipelines geared toward massive increases in extraction, were allowed to proceed under the Harper-era environmental review even after 2015. The Liberal

government has steadfastly supported the Keystone XL pipeline; a project based on increased extraction.

There are other countries that have seen success in reducing their emissions and driving economic activity at the same time, but they have a plan. They are not relying on the vested interests of the current economy to spontaneously transition their economy to a successful, sustainable model. They are attracting international investment not in spite of, but because, they have a clearly articulated plan for climate action.

Canada can do this too, but we are plagued by complacency when what we need is political leadership.

Protecting the Great Lakes is an important priority for New Democrats. We would have welcomed the opportunity to hear from officials from the state of Michigan and affected Indigenous communities about their concerns. We look forward to the timely completion of the replacement tunnel to address these concerns and continue supplying the industry in Sarnia.

This Committee saw important points of common ground between parties. But the debate of the future is about whether Canada will continue to allow large companies to increase the rate at which they extract oil and gas to maximize their short term profits for as long as possible, or whether the federal and provincial governments will finally work together on an energy strategy that seeks to reduce our carbon footprint, provides employment for Canadian workers, holds oil and gas development to stringent climate targets, takes Indigenous rights seriously and aligns its efforts with the US to strengthen the climate action of both countries.

Getting this done will require meaningful public sector leadership that Liberals and Conservatives have so far been unwilling to discuss, let alone provide. New Democrats are prepared to lead the way.

