

Wall Street Invading Wet'suwet'en First Nation Territory. Uprising Across Canada

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The uprising across Canada in support of Wet'suwet'en First Nation land defenders shows no sign of stopping. As of February 11, ports, bridges, rail lines, highways and roads have been blockaded across much of the country by solidarity protesters, who have also occupied the offices of politicians and at least one bank.

These actions were prompted by the RCMP's invasion of Wet'suwet'en territory on February 5, after which they began arresting Indigenous members opposed to the 670 kilometers (416-mile), \$6.2 billion Coastal GasLink pipeline being constructed on their unceded territory in B.C.

The Wet'suwet'en have never signed a treaty and in 1997 the Supreme Court of Canada ruled that they hold "Aboriginal title" to the land on which the pipeline is being built.

The Coastal GasLink pipeline will carry fracked natural gas from northeastern B.C. to Kitimat, B.C., where a liquefied natural gas (LNG) terminal is being built by LNG Canada - a partnership of Shell, Petronas, PetroChina, Mitsubishi, and Korean Gas.

While protesters have rightly condemned the RCMP actions, they (and the corporate media) have largely overlooked the role of a major player in this whole debacle: Wall Street titan Kohlberg Kravis Roberts & Co., better known as KKR.

Mega-Rich Titan

On December 26, 2019 KKR announced the signing of a "definitive agreement" to acquire - along with Alberta Investment Management Corporation (AIMCo) - a 65 percent equity interest in the Coastal GasLink Pipeline Project from TC Energy.

Only days later, on December 31, a B.C. Supreme Court judge extended an injunction to stop Wet'suwet'en members from blocking access to Coastal GasLink's work camp. The injunction will reportedly be operative until the pipeline project is completed.

KKR is mega-rich, even by Wall Street standards. It has US\$208 billion in assets under management and US\$153 billion in fee-paying assets under management. [1] AIMCo has \$108.2 billion in assets that it manages on behalf of 31 Alberta pension, endowment and government funds. [2]

KKR is what is now called a "private equity" firm - a rebranding of what used to be called "leveraged buyout firms," which pump money into struggling companies and then re-sell them for major profits. In 2014, KKR opened an office in Calgary with a \$2 billion fund to find

Canadian energy investments, especially in unconventional oil and gas projects.

In its December 26, 2019 press release, KKR's Brandon Freiman stated that "Coastal GasLink represents our third investment in infrastructure supporting Canada's natural gas industry."

When contacted, KKR's media office told me that the "other projects Brandon was referring to in his quote are Veresen Midstream and SemCams Midstream."

Buying Up Midstream

In oil-industry parlance, midstream refers to the equipment and pipelines that transport oil and gas from "upstream" production facilities to the "downstream" users such as refineries or LNG terminals.

Shortly after KKR set up its Calgary office, in December 2014 Encana Corp. sold its natural gas pipeline and processing assets in Western Canada's Montney region to Veresen Inc. and KKR for \$412 million. The deal allowed Encana to concentrate on drilling and fracking ("upstream"), while Veresen Midstream LP handles transportation and expansion of infrastructure. The assets sold in this deal "comprise those in the Dawson, B.C. area operated by Encana independently and in a partnership it has with Japan's Mitsubishi Corp." [3] At about the same time, the partnership committed to invest \$5 billion of new midstream expansion in the Montney region.

By October 2015, that expansion included Veresen's announcement of approval of the \$860 million Sunrise Gas Plant, which can process 400 million cubic feet per day. Located near Dawson Creek, the Sunrise Gas Plant has been described as "the largest gas plant to be commissioned in western Canada in the last 30 years," with Veresen Midstream's President and CEO David Fitzpatrick stating that his company's "footprint in the Montney will grow substantially." [4]

KKR also entered into a joint venture with Energy Transfer on SemCams Midstream, which owns and operates six gas processing plants and 700 miles of natural gas pipelines in the Montney and Duvernay areas of Western Canada.

You may recall that Energy Transfer is the company involved in the Dakota Access Pipeline protests of 2016, when NoDAPL indigenous protesters from the Standing Rock reservation in the U.S. were met with severe corporate and state-supported opposition.

So KKR not only has a primary position in the midstream natural gas industry of Western Canada, it also has scandalously partnered with a company well-versed in stopping indigenous protests.

Greenwashing

Equally odious, in 2007 KKR teamed up with the Environmental Defense Fund (EDF) on something called the Green Portfolio Program through which participating companies could "develop eco-beneficial products and services and develop ways to grow revenue through environmental improvements." [5]

That decade-long greenwashing effort has especially been useful for KKR's financial

investment in fracking. In 2012, Forbes magazine (not known for its radical environmentalism) singled out KKR in a piece called “Guess Who’s Fueling the Fracking Boom?”, revealing how KKR has been pumping money into expanded fracking by upstream drillers, and then flipping the companies in sales deals that bring billions in profits to KKR. [6]

Perhaps not surprisingly, KKR Global Institute’s Chair is David Petraeus, the former Director of the CIA, who has wholeheartedly endorsed fracking. [7]

In the KKR Global Institute’s latest report (issued on January 15, 2020), the company touts itself for partnering “with companies that mitigate climate change, enhance resilient development [and] protect water quality ... As a result, ‘doing well by doing good’ remains a growing investment theme in KKR in 2020.” [8]

LNG Canada in Kitimat, where the Coastal GasLink pipeline will bring the fracked natural gas, has claimed that it will be the lowest carbon-emitting LNG plant in the world, and that LNG exports will substitute for dirtier fuels like coal. But critics such as the Pembina Institute and the Canadian Centre for Policy Alternatives have seriously questioned this notion of LNG as a so-called “bridge fuel” to a low-carbon future, especially because of the methane leaks implicit in upstream, midstream and downstream processes. In terms of the climate emergency, methane is dozens of times more polluting than CO2.

Indeed, The Georgia Straight recently highlighted a statement by Stanford University professor Mark Z. Jacobson about methane leaks from an ExxonMobil fracking site: “Next time some paid liar in the fossil fuel industry insists fracked gas is helping solve the climate crisis, remind them a single @exxonmobil fracking site ‘leaked more methane in 20 days than all but 3 European nations over an entire year’.” [9]

Paid Liars

Wall Street’s KKR private equity titan appears to be packed with some very well-paid liars, who croon about “doing well by doing good” while invading Wet’suwet’en territory with their Coastal GasLink project and watching while the RCMP carry out the arrests. It’s time the focus should be placed on them.

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Notes

[1] Charlie Smith, “Wet’suwet’en hereditary chiefs reject ruling by B.C. Supreme Court judge to extend Coastal GasLink Pipeline injunction,” The Georgia Straight, December 31, 2019.

[2] Ibid.

[3] Jeffrey Jones, “Encana sells midstream assets to Veresen, KKR,” The Globe and Mail, December 23, 2014.

[4] Veresen Inc. press release, "Veresen Announces Approval of the \$860 Million Sunrise Gas Plant," October 6, 2015.

[5] Elizabeth Seeger, "Environmental Innovation: A Journey with No Destination," kkr.com, December 21, 2016.

[6] Halah Touryalal, "Guess Who's Fueling the Fracking Boom?" Forbes, October 3, 2012.

[7] Steve Horn, "Revealed: Gen. David Petraeus' Course Syllabus Features 'Frackademia' Readings," Huffington Post, July 19, 2013.

[8] Henry H. McVey, "Play Your Game: Insights Global Macro Trends," KKR Global Institute, January 2020.

[9] Quoted in Charlie Smith, "TC Energy agrees to sell 65 percent interest in Coastal GasLink pipeline project to KKR and AIMCo," The Georgia Straight, December 26, 2019.

Featured image: Police officers stand on the road after clearing the intersection of protesters that were blocking an entrance to the port during a demonstration in solidarity with Wet'suwet'en hereditary chiefs opposed to construction of a natural gas pipeline across their traditional territories, in Vancouver, on Monday February 10, 2020. THE CANADIAN PRESS/Darryl Dyck

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