

CANADA'S OIL AND NATURAL GAS INDUSTRY IN CONTEXT

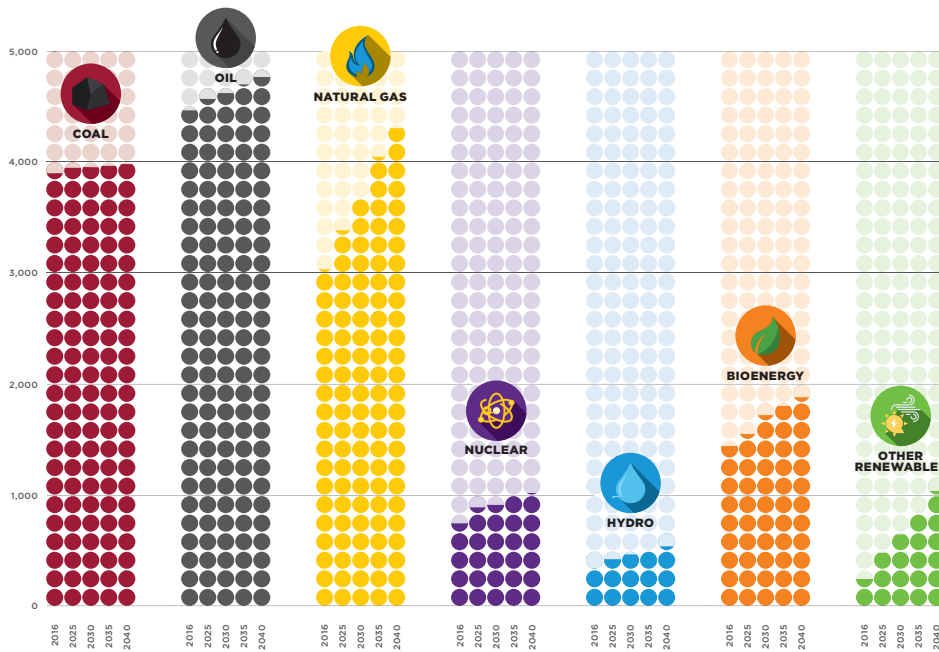


INDUSTRY CHARACTER

Global energy demand is expected to increase 30 per cent by 2040 as economies in developing and emerging countries continue to grow and standards of living improve. All sources of energy, developed responsibly, will be needed to meet growth in global demand.

With this growth in energy demand, Canada has an opportunity to share our steady, secure, reliable, and responsibly produced energy abroad, and drive to a lower-carbon economy at home.

GROWTH IN THE GLOBAL ENERGY MIX FROM 2016-2040



Source: IEA 2017 World Energy Outlook, New Policies Scenario

EVEN THOUGH THE DEMAND FOR RENEWBLES IS FORECAST TO INCREASE MORE THAN 400 PER CENT BY 2040 - RESULTING IN 6 PER CENT OF THE TOTAL WORLD ENERGY MIX - OTHER SOURCES OF ENERGY WILL STILL BE NEEDED.

Source: IEA World Energy Outlook 2017, New Policies Scenario

Canada can become the world's energy supplier of choice, generating both economic and environmental benefits in Canada and around the world, but only if governments choose to develop Canadian oil and natural gas with competitive policies that attract investment and spur innovation.

INDUSTRY CHARACTER

CAPP RECOMMENDS THE FOLLOWING SIX PART APPROACH TO DEVELOPMENT:



A NATIONAL VISION FOR OIL AND NATURAL GAS DEVELOPMENT

- The federal government should take a leadership role working with governments, industry, communities and citizens to define Canada's vision in global oil and natural gas markets.



A NATIONAL CLEAN ENERGY TASK FORCE THAT INCLUDES OIL AND NATURAL GAS

- The federal government needs to work with industry, innovation agencies and provinces to adopt a national clean-energy task force that includes the oil and natural gas sector.



A COMPETITIVE, EQUIVALENT CLIMATE LEADERSHIP PLAN

- The federal government should work with provinces to establish an equivalency basis including Alberta, British Columbia, Quebec and Ontario, where there is a price on carbon.



A COMPETITIVE INTERNATIONAL TRADE POLICY

- Governments should recognize the sector's energy-intensive, trade-exposed nature to prevent carbon leakage and ensure Canadian producers are globally competitive.



AN OUTCOMES-BASED APPROACH TO REGULATIONS

- Federal and provincial governments should implement an efficient and predictable regulatory system to improve access to new customers and encourage investment.



IMPROVED MARKET ACCESS TO ENSURE CANADIAN OIL AND NATURAL GAS CAN REACH MORE CUSTOMERS

- The federal government should continue to support proposed projects that enhance market access for Canada's resources, in a manner that adds predictability, consistency and efficiency to investment decisions.

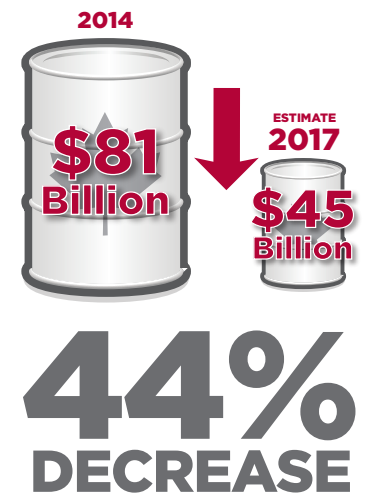
PRODUCTION AND MARKET ACCESS

CAPP's 2017 Crude Oil Forecast, Markets, and Transportation report estimates western Canadian oil supply will grow to 5.4 million barrels per day by 2030, exceeding existing pipeline capacity and highlighting the need for new pipelines in all directions.

ADDITIONAL CAPACITY NEEDED



CAPITAL INVESTMENT IN CANADA'S OIL AND NATURAL GAS INDUSTRY



Source: Statistics Canada

“CLIMATE LEADERSHIP IS CRITICAL FOR CANADA'S OIL AND NATURAL GAS INDUSTRY TO BECOME A GLOBAL SUPPLIER OF CHOICE.”

Tim McMillan
President and CEO,
Canadian Association of Petroleum Producers