

May 27, 2020

Hon. Seamus O'Regan, Minister  
Natural Resources Canada  
580 Booth Street, 21st Floor  
Ottawa, ON K1A 0E4  
via email: [NRCan.Minister-Ministre.RNCan@Canada.ca](mailto:NRCan.Minister-Ministre.RNCan@Canada.ca)

Dear Minister O'Regan,

**Re: Supporting Recovery of the Canadian Economy**

On behalf of the Canadian Association of Petroleum Producers (CAPP) and our member companies, we would like to thank the government for the actions it has taken to date during this health and economic crisis. Over the past three months our industry and the Government of Canada have worked together to ensure that essential services provided by our industry are available to Canadians and that adequate regulatory enforcement flexibility supports measures to protect the health and safety of the oil and natural gas workforce and the public. We also continue to collaborate on the development and roll out of critical liquidity tools, important to Canada's upstream oil and gas industry and to the recovery of Canada's economy.

As the federal government begins to turn its attention to the reopening and recovery of Canada's economy, it will be important to continue working together. In the wake of the COVID Crisis, Canada will be competing with every other jurisdiction in the world for more limited investment dollars – and with Canada's debt to GDP ratio expected to increase to 48 per cent in 2020, attracting global capital will be critical to growing our economy and getting Canadians back to work. Canada's upstream oil and gas industry is ready to play a critical role in developing solutions and delivering results. We are shovel ready, with the capacity to create high-paying direct jobs, as well as indirect jobs through our multi-billion dollar national supply chain as well as the local, hotel, restaurant, retail and other services where our companies operate. Many of these projects directly support continued progress in Indigenous economic opportunities and economic reconciliation.

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Given the importance of the upstream oil and gas sector to Canada's economy – approximately 6% of GDP, over 500,000 jobs, the largest source of foreign direct investment, Canada's largest export commodity and our potential to contribute to a range of government objectives including fostering innovation and driving down domestic and global GHG emissions – an industry-specific approach is warranted.

This approach should include the following elements:

1. Visible federal government commitment to work with industry to provide clarity and certainty to capital markets that Canada is a supportive and competitive jurisdiction to invest in over the long term. This clarity is essential to attracting capital to Canada, supporting recovery and enhancing the benefits that come from a healthy energy sector.
2. Development and implementation of fiscal tools that enhance and level the investment playing field, prioritizing 100% immediate deductibility for oil and gas sector capital investments, including clean technology and emission reducing investments. This change would be consistent with the tax treatment of other capital intensive industries in Canada, and is a powerful tool for attracting large scale investment and jobs back into Canada's economy.
3. Evolve the *COVID and Market Crisis Federal Joint Working Group (JWG)* to a *Create the Path Table* - for investment and major projects. The table would continue to have senior representation from industry as well as Natural Resources Canada; Innovation, Science and Industry Canada; Environment and Climate Change Canada; Intergovernmental Affairs – Privy Council Office and Finance Canada. Its updated mandate would be to work together to develop and implement a recovery strategy for you and your cabinet colleagues. This integrated table would consider goals around economic growth, job creation, Canada's climate targets, its clean technology export ambitions and economic reconciliation.

These elements reflect the key principles and shared values that should guide Canada's recovery:

1. Creating and retaining good jobs in Canada
2. Generating pan-Canadian benefits
3. Advancing environmental leadership home and abroad
4. Building wealth and value while shrinking Canada's debt

With the right policy conditions our sector can contribute to Canada's recovery as well as a range of national objectives. These objectives can be achieved while leveraging the sector's leadership in emissions reduction, water protection and land and species

management – keeping Canada on track to achieve its environmental ambition. By continuing to work together, we can develop a pathway that positions Canada for rapid recovery, with the support of a healthy and innovative upstream oil and natural gas industry.

### **Closing**

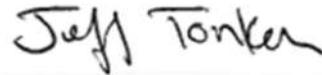
We are committed to working with you and your colleagues to achieve Canada's near and long-term economic recovery objectives while ensuring that there is no disruption of essential, reliable and affordable energy supply to the public.

If there is anything our organization or our members can do to help you further, please do not hesitate to contact me directly at [tim.mcmillan@capp.ca](mailto:tim.mcmillan@capp.ca)

Sincerely,



Tim McMillan  
President & CEO



Jeff Tonken  
President & CEO, Birchcliff Energy  
Chair, CAPP Board of Governors

**Cc:** Hon. Chrystia Freeland, Deputy Prime Minister and Minister of Intergovernmental Affairs

**Cc:** Hon. Bill Morneau, Minister of Finance

**Cc:** Hon. Navdeep Bains, Minister of Innovation, Science and Industry

**Cc:** Hon. Jonathan Wilkinson, Minister of Environment and Climate Change