



Opinion

It's time to unleash Canada's energy advantage

The greatest barrier to Canada seizing our energy advantage is today's uncompetitive and complex regulatory and policy environment.

BY LISA BAITON

It is not an understatement to say one of Canada's greatest competitive advantages in the global economy is our energy and world class resource base.

We are the fourth largest oil producer and fifth largest natural gas producer in the world. Our oil reserves are larger than Russia.

But our competitive energy advantage isn't just about resource wealth.

It is a combination of a commitment to climate change action, a skilled workforce to produce our resources in a cost effective and responsible manner, a stable and democratic government, and having systems



Realizing our energy advantage has the potential to position Canada as leader on the global path to net zero, re-establish the country as a trusted brand on the world stage, and turn Canada into an economic powerhouse, writes Lisa Baiton. *Photograph courtesy of Canadian Association of Petroleum Producers*

in place that ensure the financial benefits from the resources Canadians own are shared across the country.

Realizing our energy advantage has the potential to position Canada as leader on the global path to net zero, re-establish the country as a trusted brand on the world stage, and turn Canada into an economic powerhouse—investing in the technologies of tomorrow, benefitting all Canadians along the path to get there.

But the greatest barrier to Canada seizing our energy advantage is today's uncompetitive and complex regulatory and policy environment. This is an environment that does not recognize the critical importance of the Canadian oil and gas sector to our economy or our western allies. Here we are taking a punitive approach to regulation while other allies—particularly the United States—are using market-based incentives to drive

investment and create jobs. And we have a permitting process that does not have the speed and certainty investors require.

The result is that Canada is failing to attract the very large-scale capital investment required in the push towards a lower-emission, sustainable, and prosperous economy.

The global path to net zero is a decades-long challenge and the hard realities are already revealing themselves. Increasingly, countries are recognizing that traditional fuels—including oil and natural gas—are critical to addressing energy security and affordability challenges and will be needed for decades to come.

To meet the globe's climate challenge, we must find ways to continue to drive global greenhouse gas emissions lower.

Over the past decade, Canadian oil and natural gas producers have grown total production from the conventional sector by 21 per cent, while carbon diox-

ide equivalent emissions went down by 24 per cent. Our natural gas production grew by 35 per cent, while lowering carbon dioxide equivalent emissions by 22 per cent and methane emissions by 38 per cent.

Canada's offshore industry produces the lowest-emissions intensive oil in the world. The largest oil sands companies have joined forces through the Pathways Alliance to deliver a credible plan to get to net zero emissions by 2050.

Canadian producers are proving that lowering emissions and growing production is possible. This is where Canada can make an outsized contribution to help curb the growth of coal—not just by myopically focusing on our domestic usage, but by exporting our lower-emission energy to help much larger countries wean off coal.

But there are other reasons to unleash our energy advantage that can't be ignored.



Lisa Baiton is president and CEO of the Canadian Association of Petroleum Producers. *Photograph courtesy of Lisa Baiton*

Canada is one of the few, stable, democratic nations that has capacity to produce significantly more oil and natural gas than we consume. Compare this, for instance, to Japan with 72 per cent of their energy coming from imported fossil fuels.

Western Alliance countries that produce oil and gas include the United States, Canada, Norway, Australia, and the United Kingdom. Within that group, Canada is second only to the United States, contributing 17 per cent of the oil and natural gas supply.

In this context, Canada's oil and natural gas export capacity becomes exceptionally important to ensuring global energy security.

Today, virtually all of our oil and natural gas exports go to the United States. But we have the opportunity to diversify our markets through the recently completed Coastal Gas Link

Pipeline which will supply Canada's LNG facilities, and the soon to be completed TransMountain Pipeline Expansion which will give our oil exports greater direct access to tidewater and global markets.

Seizing this opportunity as trusted global supplier of oil and natural gas has the potential to help Canada claim a powerful voice on the world stage.

Lastly, the Canadian oil and gas industry is an economic powerhouse for this country. This year, investment in upstream production in Canada will hit \$40-billion, supporting hundreds of thousands of jobs, and providing new spending towards improving environmental performance and emission-lowering technologies.

Last year, oil and natural gas revenues to governments across Canada reached over \$45-billion. Those revenues enable governments to operate our hospitals,

pay our teachers, run critical social programs, and support the arts—in turn, contributing to Canadian's high quality of living.

Making up a significant part of the industry's supply chain are hundreds of Indigenous-owned businesses, and the industry is one of the largest employers of Indigenous peoples in the country. In addition, since 2017, almost \$4-billion of Indigenous equity positions have been taken in oil and gas projects: in pipelines, power plants, LNG terminals and more.

There is simply nothing that can replace the national economic benefits that come with producing and exporting oil and natural gas in Canada.

There is a vision, within our reach, in which after 2050 Canada has the lowest-emitting oil and natural gas products for as long as there is demand. This is a vision for a world where Canada is positioned competitively as

the most-favoured producing nation—with a credible track-record of building not just one or two projects, but many nation-building projects. Doing this will also attract investment into the emissions-reducing major projects that will allow Canadians to prosper in a lower-carbon world.

To achieve this vision, we must get the policy environment right. It needs to be clear, pragmatic, and competitive. It needs to align across provinces and federally, which means we need to collaborate across political lines and across industries.

Canadians say "I'm sorry" a lot. We don't need to apologize for our energy advantage. We should be proud of it, and what it can do for Canadians and the world.

Lisa Baiton is president and CEO of the Canadian Association of Petroleum Producers.

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