

October 10, 2023

The Honourable Chrystia Freeland, P.C., M.P
Deputy Prime Minister and Minister of Finance
Department of Finance Canada
90 Elgin Street
Ottawa, Ontario K1A 0G5
chrystia.freeland@parl.gc.ca

Re: National Indigenous Loan Guarantee Program eligible sectors

Dear Minister Freeland:

On July 26, 2023, I wrote to you, on behalf of the Canadian Association of Petroleum Producers, to express support for the letter by the First Nations Major Projects Coalition (FNMPC) dated June 8, 2023, in which they advocated for a national Indigenous loan guarantee program. I also strongly recommended that the government not exclude projects in the oil and gas sector from eligibility.

I am writing today to reiterate CAPP's position, which mirrors that expressed by a number of Indigenous organizations, that oil and gas projects should not be excluded in the eligibility criteria for a national Indigenous loan guarantee program. A loan guarantee program should be sector agnostic, with loans assessed based on the merits of the investment. This would most closely align with the government's reconciliation objectives, and with Indigenous nation's goals of achieving economic self-determination.

The upstream oil and gas sector is a strong contributor to the Canadian economy, and has an outsized presence in Indigenous economies as well. Our members spend billions of dollars every year in procurement with Indigenous-owned companies, and proudly employ Indigenous workers while paying the highest average wages of any sector in the country. Many First Nations, Métis and Inuit communities benefit from employment, business, royalties and revenues from oil and gas activities on reserve and in their territories, which support them to be economically self-determining. Members are proud of the progress they have made in partnership with Indigenous communities, businesses and workers, and they continuously work to improve their engagement and create mutually beneficial outcomes.

CAPP views enhancing opportunities for Indigenous equity in oil and gas assets as critical to our efforts towards economic reconciliation, and in meeting the Truth and Reconciliation Commission's Call to Action to Corporate Canada (Action #92). Our members have already had success in a number of projects, including the 2017 Suncor East Tank Farm and 2021 Northern Courier Pipeline deals. Many more are underway. For many of our members and their Indigenous partners, a national

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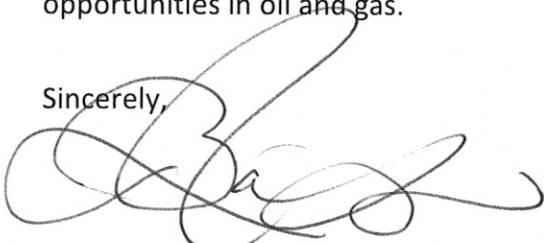
Indigenous loan guarantee program has been seen as an exciting prospect for more, and bigger, deals that would lead to significant economic benefits and opportunities for collaboration.

The Alberta Indigenous Opportunities Corporation has supported hundreds of millions of dollars in loans for Indigenous equity positions in oil and gas projects, and for many has been seen as the model for a national program. South of the border, the Biden Administration has expanded its Tribal Energy Loan Guarantee Program from \$2 billion to \$20 billion under the Inflation Reduction Act, explicitly supporting “fossil energy production”.

The Government of Canada has previously recognized the value of partnerships between Indigenous nations and our industry, not least through the recent exemption of subsidies “that support Indigenous Economic Participation in Fossil Fuel Activities” in its framework of inefficient subsidies. The Government of Canada is also in negotiations with Indigenous consortia to transfer ownership of the Trans Mountain pipeline once it is complete. These efforts have been received positively. A national Indigenous loan guarantee program should further support Indigenous agency in determining what kind of projects are candidates for ownership through equity.

A loan guarantee program is an excellent tool by which to ensure Indigenous nations can share in the benefits from resource development in their territories. Many of our members are excited to work with Indigenous partners in determining opportunities for equity ownership that a national Indigenous loan guarantee program could support. As Canada’s largest resource sector, and one of its largest economic drivers, it would be self-defeating to exclude Indigenous nations from economic opportunities in oil and gas.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lisa Baiton', with a large, stylized flourish at the end.

Lisa Baiton, MBA, ICD.D
President and CEO

CC:

The Honourable Gary Anandasangaree, Minister of Crown-Indigenous Relations
(gary.anand@parl.gc.ca)

The Honourable Jonathan Wilkinson, Minister of Energy and Natural Resources
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The Canadian Association of Petroleum Producers (CAPP) is the trusted voice for companies, large and small, that explore for, develop and produce natural gas and oil throughout Canada. CAPP’s member companies produce about 80 per cent of Canada’s natural gas and oil. CAPP’s associate

members provide a wide range of services that support the upstream oil and natural gas industry. Together CAPP's members and associate members are a solution-oriented partner to Canada and the world's needs for safe, secure, reliable, affordable and responsibly produced energy, and an important part of a national industry with revenues from oil and natural gas production of about \$116 billion a year. CAPP supports industry efforts to continue to reduce upstream GHG emissions and play a role in support of Indigenous participation and prosperity. As a non-partisan organization, CAPP works with all governments and all parties to ensure that our industry is longstanding.