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Highlights:

- Growing exports is a vital part of Canada's economic prosperity, driving growth across multiple sectors. We export some \$178 billion of oil and natural gas to the United Statesⁱⁱ and are increasingly shipping to other markets around the world. Over \$6.8 billion of crude oil exports were shipped from here in Newfoundland and Labrador in 2023, largely to the United States and Europe. Interestingly, for the first time in 2023, European markets exceeded American ones as the leading destination for exported crude from this province.
- The greatest barrier to Canada seizing our energy advantage potential opportunity is today's uncompetitive and complex regulatory environment. Government policies including the proposed emissions cap, the Impact Assessment Act, and Bill C-59 (the anti-"greenwashing" bill), create a hostile, unpredictable environment for energy investment.
- For too long the public and political discussion has been focused on making a choice between saving the planet or growing the economy. We can walk and chew gum at the same time. The only path to a sustainable future is by doing both—protecting the environment while growing the economy.

St. John's Board of Trade
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Canada Builds on Oil and Natural Gas

CAPP President & CEO Keynote Address

Thank you to the St. John's Board of Trade for having me here today. I would also like to take a moment to congratulate the Board, along with the Newfoundland and Labrador Employers' Council, as I understand that these organizations have recently merged. Congratulations to all involved on bringing these important organizations together to create a stronger, more unified voice for businesses in this province.

Before jumping into my remarks today, I want to touch on the video we just played that was developed by the CAPP team. First, a big thank you to St. John's Board of Trade CEO AnnMarie Boudreau for her participation in this video, as well as the local businesses who are featured. This is one in a series of videos we developed to highlight the economic benefits of the offshore oil and gas industry in this province, which ties in very well with what I want to speak about here today which is the foundational role that the oil and natural gas industry plays in this province's economy, and indeed to Canada's economy.

The topic of economic benefits may be familiar to this audience given the direct benefits the offshore oil and gas industry contributes to Newfoundland and Labrador. The oil and natural gas sector is a cornerstone of our financial prosperity and a key driver of numerous other industries. The direct benefits are substantial: high-paying jobs, massive tax revenues, and contributions to our GDP that few other sectors can match.

What I want to talk about here today is how this industry can continue to positively impact Canada's future, and specifically, how we can solve some of the problems facing Canada today.

Understanding the Problem

But first we need to understand the problem:

Canadians are worried. Recent polls show that the **top concerns of Canadians today are centred around the economy.**

They are worried about paying their mortgages. They are worried about their children's ability, or inability, to buy a house or find a place to live.

They are worried about the rising cost of groceries, electricity, gas for their cars and whether they'll have a job next month.

They are worried about the healthcare system and if it will be able to support them or their loved ones when they need it.

What Canadians are feeling are the impacts of a decade of declining investment, lowering productivity, and an increasing population without the economic growth to sustain it.

So, how do we fix it?

We need to play to our strengths. We need to responsibly build from our strong foundation as a resource-rich nation to create more opportunities for Canadians.

The equation is simple: Economic growth in Canada's oil and natural gas sector enables investment into the innovation we need to lower emissions. This in turn enables our resource industries to continue to grow, creating high quality, high paying jobs and opportunities for Canadians. The tax revenues generated by the oil and natural gas sector help governments run our hospitals, schools and the social programs that support our country's high standard of living.

Canada's economic foundation remains intact. We are a resource-rich nation with a global reputation as a trusted trading partner.

Our resource-based industries—mining, agriculture, forestry, fishing, and energy—are the foundation from which we have built our economy to deliver prosperity today and continue to do so for the decades ahead. And there is an opportunity for growth.

So, the solution to many of the challenges facing our economy today is simple.

It's time to build!

The Foundation

For the economy to grow and Canadians to prosper, Canada needs its largest job creators to be successful. **When the Canadian oil and gas industry thrives, so do Canadians.**

Here are a few data points:

- Profits from oil and natural gas are shared with Canadians through taxes and royalties. Last year oil and natural gas revenues to federal, provincial, and municipal governments across Canada reached **over \$45 billion**. This amount has **increased ten-fold** since the historically low commodity prices of 2020. [1]
- The oil and natural gas **supply chain stretches across the country**, reaching thousands of businesses located in every province, supporting over **450,000 jobs for Canadians**. When factoring in **induced employment**, that number **doubles to 800,000 jobs**. [2] Many of those jobs are represented by the Buildings and Trades of Newfoundland and Labrador.
- Looking specifically now at Newfoundland and Labrador, **offshore royalties account for 15% of the provincial government's budget**, or one dollar in every seven spent. [3]

Statistics like these might seem abstract, but to Canadians worried about the cost of living and affordability, they are good news in an otherwise worrisome news landscape.

The **oil and natural gas industry has far-reaching economic impacts**. In addition to the statistics I just referenced, one of the major benefits is how **this industry contributes to growth in other sectors**.

Marine Sector

Let me start with the marine sector here in Newfoundland and Labrador. One only needs to look to the busy harbours and ports throughout this region to see how the marine sector is flourishing.

While some of that activity is directly related to the offshore oil and gas industry and its use of supply vessels and other support vessels, the industry has also enabled growth in the broader marine sector.

Over decades of working with the oil and gas industry, the marine sector has built experience in serving major industrial and construction projects as well as the infrastructure to support them. These projects have also contributed to expertise in the post-secondary education system, creating a pipeline of talent. This not only has created a foundation from which the oil and gas industry can grow, but also attracts other industries who can look to Newfoundland and Labrador as a place to do business.

Ports—traditionally focused solely on fishing activity decades ago—have adapted and innovated to serve the offshore oil and gas industry and continue to reinvent themselves. For example, Newfoundland and Labrador is now home to North America's first monopile marshalling port in Argentia, supporting the offshore wind industry in the United States.

Newfoundland and Labrador's ocean economy continues to diversify, and this is no doubt due in part to the capabilities that have been established by the oil and gas industry.

Marine Technology

Another sector I'll touch on is the technology sector. Again, the oil and gas industry has helped build a level of expertise and driven innovation here in Newfoundland and Labrador. This expertise has helped build a capability here in the province that has contributed to tech sector growth.

Newfoundland and Labrador has become a leader in remote operations, unmanned underwater vehicles, simulation, and subsea imaging. While oil and gas are the springboard for this expertise, this province is now servicing companies and industries around the world in search and rescue, defense, aquaculture, shipping, cold ocean technologies and harsh environment operations. This evolution will have a positive and long-lasting impact on this province's economy.

Exports and the Economy

Let me shift now to exports and the economy.

Growing exports is a vital part of Canada's economic prosperity, driving growth across multiple sectors. **We annually export some \$178 billion of oil and natural gas to the United States** and are increasingly shipping to other markets around the world. [4] **Over \$6.8 billion of crude oil exports were shipped from here in Newfoundland and Labrador in 2023, largely to the United States and Europe.** [5] Interestingly, **for the first time in 2023, European markets exceeded American ones as the leading destination for exported crude from this province.** [6]

By expanding our export markets, we not only enhance trade relations but also create more jobs and a healthier economy, which can help lower the cost of living by ensuring a steady flow of income and resources.

Additionally, robust export activities strengthen the Canadian dollar, making our currency more competitive on the global stage. It's important to note that **oil and gas play a crucial role in this equation, as they are the largest contributors to Canada's export portfolio.** [7] Canada would be in a significant trade deficit without conventional oil and gas exports. This industry not only fuels our economic engine but also provides the foundation for sustained growth and stability in our country.

Looking to Canada's Future: Energy Demand Growth

Looking to the future, **global energy demand is going nowhere but up.** [8] Population and economic growth will require much more energy from ALL sources.

RBC has produced a remarkable analysis of global population and economic trends out to 2050. [9]

Global population is set to rise by an additional 1.7 billion people to 9.7 billion people, which is the equivalent of adding another China and United States's worth of people in one generation. [10] In the shorter term, world population will rise by around 834 million by 2035, or the equivalent of another Europe. This growth will require the equivalent of what the United States currently consumes in energy. [11]

It's Time to Build

I've presented an overview of the integrated economic ecosystem built on the foundation of the upstream oil and natural gas industry. At present, this ecosystem has **over \$81 billion of projects under construction and an additional \$174 billion in major projects planned.** [12]

We must unlock this massive potential. What needs to happen?

The greatest barrier to Canada seizing our energy advantage potential opportunity is today's uncompetitive and complex regulatory environment. Government policies including the proposed emissions cap, the Impact Assessment Act, and Bill C-59 (the anti-"greenwashing" bill), create a hostile, unpredictable and uncompetitive environment for energy investment.

Canada is falling behind on the most meaningful global economic metrics.

Looking back **over the past five years, Canada's per capita GDP has flatlined, with less than one percent growth.** By contrast the average growth for our OECD counterparts over the same period was 5.6 percent. Let me underscore that point: Canada less than one percent growth. Our OECD counterparts with 5.6 percent growth. [13]

Looking forward, the **OECD is projecting Canada to be the worst-performing economy - dead last - out of ALL 38 advanced countries over the next forty years, achieving the lowest real GDP per capita growth.** [14] You heard me correctly, Canada is dead last!

In addition, the **OECD tracks investment growth rates across both its 38 member countries and nine others. Over the past 7 years, Canada ranked 44th out of 47th!** [15]

It has reached the point where **the Bank of Canada has declared this a "break the glass" moment in our country's history, warning that weak productivity and low business investment is a national emergency.** [16]

I don't know about you, but as a Canadian, I don't like my country being dead last or at the bottom of the OECD pack.

So we need to move quickly to get back on track, to attract the capital needed to revive our economy and build prosperity for Canadians:

- **First, we must take a pragmatic approach to the energy transformation** that's underway. To meet the targets set by the federal government, capital investment in technology, facilities, and other major infrastructure must happen at a scale never before seen in Canadian history. The federal government's own estimates suggest that Canada will have to invest between \$125 billion to \$140 billion every year between now and 2050. Right now, we are attracting less than one-fifth of that investment amount. [17]
- **Second, we need to fix our approach to major projects** and ensure approvals and permitting can happen in a reasonable timeframe. **Third, there is no investor certainty unless there is regulatory certainty.** We need governments to champion major investment opportunities like they do in other jurisdictions around the world. Currently Canada's timelines for major projects significantly trails our peers, including Germany, Australia, the United States, the U.K. and Sweden. [18]

- **Third, investors won't place their capital here unless they have regulatory certainty** – particularly when you are talking about very large projects costing tens of billions of dollars. And that means, we need governments to champion major investment opportunities like they do in other jurisdictions around the world.

To achieve this, **we need joint efforts by federal and provincial governments to remove some of the regulatory layers and policy complexity, to achieve a cohesive national vision that enhances the wellbeing of all Canadians**, balancing energy security, the economy, affordability, and environmental protection.

Concluding Remarks

If these issues are addressed and if Canada capitalizes on its energy advantage, the possibilities are endless. Here in Newfoundland and Labrador the future could look very bright for the energy industry.

A report from Rystad Energy last year stated, “Offshore is back,” [19] noting the offshore oil and gas sector globally is set its highest growth in a decade in the next two years. Offshore developments will make up almost half of all sanctioned projects in the next two years, up from just 29% between 2015 and 2018.

This is Newfoundland and Labrador's opportunity. This is the province's advantage, and we must work to overcome any barriers to investment that could impede the province's ability to fully realize its share of this massive offshore opportunity.

All of us—from industry workers to Indigenous peoples to average Canadians and their families working to pay the bills—enjoy a higher quality of life thanks in no small part to the contributions the oil and gas sector make to our economy.

For too long the public and political discussion has been focused on making a choice between saving the planet or growing the economy. We can walk and chew gum at the same time. The only path to a sustainable future is by doing both—protecting the environment while growing the economy.

Thank you for having me here today.

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