Construction of more pipelines to tidewater would allow Canada to further expand its customer base so it doesn't rely almost entirely on the United States. SUPPLIED

Canada should build a tariff-proof economy

LISA BAITON
President and CEO of the Canadian Association of Petroleum Producers

A single Truth Social post from the President-elect has put Canada's export-driven economy in peril and sent our political leaders scrambling for answers and action. The threat of 25 per cent across-the-board tariffs on Canadian goods is a real and present danger for businesses across Canada for one simple reason — the United States is our biggest, and in some cases, only customer for almost every good this country produces.

The reality is oil and natural gas account for one-quarter of all Canadian exports. We sell some $150 billion worth of oil, natural gas and petroleum products to the United States, annually. For decades we have relied on the United States as our No. 1 customer and as our gateway to ship our energy resources to the world.

Because of this reliance on one customer, Canada has little negotiating power with the Americans. While the expanded Trans Mountain pipeline added an important new export route, the additional carrying capacity adds only about 10 per cent to the oil volumes that leave Western Canada. Until the startup of LNG Canada, our first liquefied natural gas export facility, 99 per cent of our natural gas exports will still head south of the border.

For a country with some of the largest oil and natural gas reserves in the world — Canada's oil reserves are bigger than the United States, yet we produce only about half their total — we are only reaching a fraction of our real production potential.

Countries around the world are in search for secure and reliable trading partners, such as Canada, to help meet their critical energy needs. This is why Germany, Japan, Taiwan and others have all come to Canada asking for our natural gas.

In the time it has taken the United States to build seven LNG export facilities, Canada still has not finished its first. SUPPLIED

Our ability to access global markets has been stymied for the better part of a decade, forcing Canada's oil and gas industry to rely on a single customer.

Northern Gateway pipeline, which would have opened capacity to export over a half million barrels of oil per day, with access to Asian and East Asian markets, was cancelled by the federal government.

The Energy East pipeline, which would have carried 1.1 million barrels per day eastwards, feeding Canadian refineries while offering access to Europe and the United Kingdom, was cancelled by TC Energy, which cited a slow, uncertain regulatory process and "increasingly challenging issues and obstacles."

The Energy Saguenay LNG export project, which had Germany signed on as a buyer, would have exported some 10.5 million tonnes of Canadian liquefied natural gas to Europe each year, for up to 50 years. It was cancelled by the federal government after about eight years of review.

In the time it has taken the United States to build seven LNG export facilities and grow to be the largest LNG exporter in the world, Canada still has not finished its first.

To build a tariff-proof economy, we need to make a U-turn on our approach to major export projects. Whether President Donald Trump makes good on his tariff threat, Canada's policy-makers — the current ones and those in waiting — should place tidewater market access at the top of their priorities.

We need to stop dithering with domestic policies that hurt our economy. It's time to build more transportation routes to new markets, LNG export facilities, pipelines and port expansions, so we are no longer beholden to a single customer.

Canada should start with fixing the Impact Assessment Act, which was deemed unconstitutional by the Supreme Court. Since the IAA was introduced in 2019, only one major project has run the gauntlet and been approved — in nearly five years.

While the federal government made some hasty changes to the IAA, the Alberta government believes the updated version still infringes on constitutional rights and the province is starting the process to challenge it in court again.

While we're at it, the emissions cap on oil and gas must be scrapped. It will drive investment out of Canada's oil and gas industry and lower our production.

Policies like these have sent a clear message to investors that Canada's resource sector — not just the oil and gas industry — is not open for business. Fixing the IAA and scrapping the emissions cap would send the signal that we're ready to build major projects that will drive our economy for decades to come.

New projects and new customers mean new jobs and a higher standard of living for Canadians. It's time to build. If the tariff threat from our biggest customer isn't a big enough jolt to change course, I don't know what is.

Countries around the world are in search for secure and reliable trading partners, such as Canada, to help meet their critical energy needs. SUPPLIED