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Highlights:

- Over the past 10 years about \$280 billion dollars worth of oil and gas related projects have been cancelled in Canada. This includes the Energy East and Northern Gateway pipelines that would have strengthened our energy security and given us greater access to markets in Asia and Europe.
- We have one of the largest resource bases in the world. The size of our oil reserves ranks above both Russia and the United States, and we have some of the most prolific and economic natural gas plays on the planet—which means we have the capacity to grow our role as a global energy supplier.
- Governments at all levels need to focus on getting those projects fully approved, under construction, and built as soon as possible to prove to the world that Canada is open for business.

Economic Club of Canada's Energy Summit

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Shaping the Future of North American Energy Trade: Policies, Tariffs, and Infrastructure

I think you'll find full agreement, not just on this panel but throughout the country, that our relationship with the United States has fundamentally changed and we must act to focus on the Canadian national interest.

The introduction of punitive tariffs and annexation threats from President Trump have made it clear: a country cannot have national or economic security if it doesn't have energy security. Canada's complacency in this regard has now become a threat to our very sovereignty.

This is not just about the devastating impact of tariffs on our economy. We need to also wake up to the reality that Canada struggled to compete with the U.S. under the Biden administration. Now, President Trump has ushered in a seismic reset on climate, energy, regulation, and tax policy. Canada urgently needs a policy overhaul, more than ever, to create a streamlined and durable regulatory framework that allows projects with viable markets and motivated investors to succeed.

Strengthening Canada's market access and trade relationships is critical to economic growth. Tariffs and trade restrictions pose real threats, and diversifying exports beyond North America into Asian and European markets will promote long-term stability. At home, securing Ontario and Quebec's energy supply must be a national priority.

Without greater east-west and tidewater access to enable global market reach and energy security, Canada has no leverage in our trade relationship with the United States.

We are at a significant moment in Canada's history – we need to seize our opportunity.

The choices we make today will determine whether we become a global energy leader or continue to fall behind.

With decisive leadership, smart reforms, and a renewed commitment to investment, we can unlock our full energy potential, support our partners and make new ones, create jobs, and build a more prosperous and resilient economy for Canadians, tariff-proof our economy and protect our sovereignty.

Q: How can we deepen our North American relationship, while in parallel diversifying our markets?

In this new geopolitical reality, we need to walk parallel paths.

Despite the fact, as Canadians, we are all feeling betrayed by our closest ally and trading partner, we do need to recognize that the U.S. and Canada will likely always have a close, mutually important trading relationship.

We have traded oil and natural gas between our countries for nearly a century and a half. Canadian oil makes up about 20 percent of total American demand and 99 percent of natural gas imported to the United States comes from Canada. Ontario and Quebec rely on pipelines from the U.S. to get Canadian oil to their refineries and about 50 percent of their natural gas comes from American sources.

Through an economic and North American energy security lens, it makes sense to deepen our integrated energy trade. Our countries are literally connected with pipelines that moves energy around the continent to ensure Canadians and Americans have the energy they need, every single day.

So, the first path would be to do whatever we can to end this trade war and resume free trade with the United States.

But we can't be complacent or trust that the forces that have brought President Trump and his expansionist mentality into power will not persist beyond the next four years.

So, our second path is to urgently take the right steps and build the major projects to diversify our global customer base—for all Canadian products—and get the shovels in the ground to ensure Canadian energy can reach ALL Canadian markets.

We can do this by taking three steps:

One – Change the tone on Canada's oil and gas industry. The next Canadian federal government must actively promote our world-class oil and natural gas resources and industry as a source of pride and a long-term cornerstone of our economy—with a decades-long runway of projects and opportunities.

Two – Rapidly build the major projects that are ready and waiting. They have proponents ready to invest billions of dollars in Canada. A determined government effort to get these projects approved and break ground will create jobs, signal investors that we're serious about change, and attract new proposals.

Three – Execute a major policy reset by repealing those policies that have frustrated growth and investment in Canada and replace our current regulatory framework with a streamlined, predictable, and efficient system that invites investment back into Canada.

Q: Everyone is talking about market diversification--but the oil and natural gas industry has raised the alarm on the need for greater global market access for well over a decade. How can Canada make good on this now?

Yes, the oil and gas industry has been talking about market diversification for a very long time.

There was a business case for it back then, and now, not only is there a business case, but it's also necessary to protect our sovereignty.

We do need to take lessons from the past. Our track record on major projects has been abysmal:

- Over the past 10 years about \$280 billion dollars worth of oil and gas related projects have been cancelled in Canada. This includes the Energy East and Northern Gateway pipelines that would have strengthened our energy security and given us greater access to markets in Asia and Europe.

- In the time it took the United States to build eight LNG export facilities and become the largest LNG exporter in the world, Canada had seven LNG projects cancelled, and we're still building our first

But significant opportunities remain for Canada:

- We have one of the largest resource bases in the world. The size of our oil reserves ranks above both Russia and the United States, and we have some of the most prolific and economic natural gas plays on the planet—which means we have the capacity to grow our role as a global energy supplier.
- CAPP has identified six projects worth an estimated \$50 billion dollars that are through or have nearly completed the regulatory process. And they check all the boxes for what Canada needs right now:
 - They have motivated investors behind them and addressable markets.
 - They will diversify our access for Canadian energy to global markets or lower our emissions.
 - They have Indigenous support and three have direct Indigenous ownership interests.

They include three LNG export projects and a related natural gas pipeline, a carbon capture project, and an offshore oil project on the East Coast.

Building these projects will create jobs and help power our economy for generations.

Governments at all levels need to focus on getting those projects fully approved, under construction, and built as soon as possible to prove to the world that Canada is open for business.

This would send the message, not just to the energy industry, but to all industries that Canada is ready to build.

CAPP's Six Projects:

- LNG Canada Phase 2
- Ksi Lisims LNG export facility
- Tilbury LNG Phase 2 (Marine fuelling and some export)
- Prince Rupert Gas Transmission Project (pipeline)
- Pathways CCUS
- Bay du Nord Offshore oil project

Q: What specifically would you do on the regulatory framework—what are CAPP's specific recommendations?

CAPP recently published our seven-point plan for the next federal government to support a thriving oil and natural gas industry in Canada. I would encourage everyone here to download it from our website. Some of our specific recommendations include:

- Repealing the Impact Assessment Act and replacing it with a predictable “one project, one assessment” approach and limits federal interventions into provincial jurisdictions.
- Immediately streamlining approvals for major projects already in the federal review process.
- Letting provinces take the lead on emissions reduction policies and pricing systems in their jurisdictions.
- Aligning our emissions reduction goals with our partners, competitors, and other allied major oil and gas producing nations.
- Abandoning damaging policies like the emissions cap and the West Coast ban on Canadian tankers.

Those are just some of the steps Canada needs to take to rebuild investor trust in our economy.

Facts and figures

Jobs Data – US Exports

- According to the most recent data from Statistics Canada, Canadian workers and business owners earned nearly \$150 billion in income from oil and gas exports to the U.S. in 2022, dwarfing other sectors. By contrast, income from motor vehicle manufacturing exports accounted for \$11 billion (add in parts, bodies, and trailers and you roughly double this). [1]
- Over 228,000 Canadian jobs depend on oil and gas exports to the U.S. – 40 percent of those jobs are outside of Alberta. [2]
- By comparison, the next-largest sectors—professional, scientific, and technical services, and wholesale trade—each supported just over 170,000 jobs tied to U.S. exports. Meanwhile, motor vehicle manufacturing exports to the U.S. accounted for approximately 84,000 jobs, or about one-third of the total from oil and gas extraction. [3]

Oil and natural gas trade with the United States[4]

- Canada exports about 48 percent of its total natural gas production to the United States (8.6 bcf/d in 2024).
- Canada exported about 4 million b/d of oil and liquids to the US in 2024
 - Represents about 92 percent of total Canadian oil exports
 - U.S. imports more oil from Canada than all other countries combined.
- Oil and natural gas make up the largest part of Canadian exports to the U.S.
 - Total value of Canadian oil and natural gas trade with the United States is about \$150 billion annually, this represents about 20 percent of all Canada/US trade.
 - Oil and natural gas make up about 25 percent of total Canadian exports (globally).
- Energy security: Growth of Canadian oil imported by the U.S. means that OPEC's U.S. market share has shrunk to less than 5 percent. [5]

Sources:

[1] Statistics Canada. [Value added in exports, by industry, provincial and territorial](#)

[2] Tombe, Trevor. "Premier Smith is right that restricting oil exports is a bad idea. Here's a better option." https://thehub.ca/2025/01/22/trevor-tombe-premier-smith-is-right-that-restricting-oil-exports-is-a-bad-idea-heres-a-better-option/?utm_source=The%20Hub&utm_campaign=cd32d384e5-EMAIL_CAMPAIGN_2024_06_07_10_31_COPY_01&utm_medium=email&utm_term=0_-0e9056dd2c-571520896&mc_cid=cd32d384e5&mc_eid=0e36c36d39

[3] Tombe, *ibid.*

[4] Canadian Association of Petroleum Producers. "Canadian Exports of Crude Oil and Natural Gas." <https://www.capp.ca/wp-content/uploads/2024/03/Canadian-Exports-of-Crude-Oil-and-Natural-Gas.pdf>

[5] U.S. Energy Administration. "U.S. Imports by Country of Origin." https://www.eia.gov/dnav/pet/pet_move_impcus_a2_nus_ep00_im0_mbbldpd_a.htm