

30. Ensuring the Future of Canadian Energy

Description

Canada has an abundance of natural resources that generate direct wealth for Canadians through production and export. Increasingly, these commodities represent a large contribution to Canada's economic growth; however, Canada still spends billions energy imports annually. Access to markets for commodities, specifically electricity, oil and gas, represents a significant obstacle in Canada's ability to secure a competitive position in the global economy. Further, failure to develop these projects leads to negative impacts on Canadian businesses and ultimately their families.

Background

In 2023, Canada imported \$57.9 billion worth of energy products,¹⁶⁰ while producing nearly twice as much energy as it used.¹⁶¹

Canadian energy resulted in approximately 697,000 jobs across the country in 2023 and contributed \$279 billion to Canadian GDP.¹⁶² This highlights the importance of the energy industry for the wellbeing of Canadians.

Traditionally, the United States has been Canada's largest buyer, but their supply surplus has positioned them to energy independence and exportation, in addition to becoming continually economically nationalistic. This means that Canada is finding itself in an increasingly competitive and contentious relationship with its biggest trade partner. In fact, U.S. energy imports represent 78% of Canada's energy imports by value, and 8% of Canada's total U.S. goods imports.¹⁶³

Regardless of its current price of oil, Canada still has to sell its oil and gas at a discount due to the lack of market access. Loss of this revenue puts severe pressure on all Canadians, as evidenced by job losses and strain on social services currently being experienced across the nation.

Despite economic uncertainty, Canada has been unable to complete several major pipeline projects. In particular, Trans Canada's Energy East and Mainline projects were cancelled due to significant regulatory hurdles. Moreover, the Trans Mountain Expansion Project which was completed in 2024 faced significant delays related to market uncertainty, environmental regulatory concerns, and political opposition.

Energy East-West, and Arctic energy corridors will be vital to securing Canada's energy future and supplying Canada with Canadian energy.

The completion of TMX has created market access for 590,000 barrels per day for Alberta exports,¹⁶⁴ but does little to put Canada on the road to energy independence. With erratic threats of U.S. tariffs, and a growing push for economic protectionism from our biggest trading partner, the time is now to revisit

¹⁶⁰Natural Resources Canada, "Energy Fact Book, 2024-2025: Key energy, economic, and environmental indicators," Canadian Centre for Energy Information (CCEI), <https://energy-information.canada.ca/sites/default/files/2024-10/energy-factbook-2024-2025-section1.pdf>.

¹⁶¹ Canada Energy Regulator, "Market Snapshot: Crude oil imports rose slightly in 2023, for the first time since 2019," June 12, 2024, <https://www.cer-rec.gc.ca/en/data-analysis/energy-markets/market-snapshots/2024/market-snapshot-crude-oil-imports-rose-slightly-2023-first-time-since-2019.html>.

¹⁶² Natural Resources Canada, "Energy Fact Book."

¹⁶³ Ibid.

¹⁶⁴ Reuters, "First Canadian oil export cargo from expanded Trans Mountain pipeline set to load," BOE Report, May 20, 2024, <https://boereport.com/2024/05/20/first-canadian-oil-export-cargo-from-expanded-trans-mountain-pipeline-set-to-load/>.

increasing market access within our own country to provide energy independence for Canada, and reduce our reliance both on imported US energy, but also exporting these valuable energy resources.

Ultimately, in an increasingly competitive global energy market, Canada needs to take action. The United States has moved from becoming a reliable customer, to threatening tariffs which would greatly damage the industry in our country. This is why Canada needs to develop its own reliable infrastructure to make sure all Canadians have access to a stable supply of energy.

Recommendations

That the Government of Canada:

1. Prioritize supplying all Canadians with a secure and stable source of Canada's natural resources.
2. Support projects which ensure market access, whether national or international, for Canada's natural resources. Remove any barriers to the trade of electricity and fossil fuel trade between provinces to improve energy security, increase affordability, and realize the full value of energy resources.