

# NEWS RELEASE

## Bills C-69 and C-48 further damage investment climate of Canada's energy sector while U.S. investment soars

July 18, 2019

For Immediate Release

**VANCOUVER**—The ability of Canada's energy sector to attract investment has been weakened by several government policies in recent years, all the while investment in the United States has soared, finds a new collection of essays released today by the Fraser Institute, an independent, non-partisan Canadian policy think-tank.

“While Canada's energy sector has suffered from insufficient pipeline capacity, increased regulations and taxation, the U.S. energy sector has enjoyed sweeping tax reforms and a significant reduction in red tape,” said Robert P. Murphy, Fraser Institute senior fellow and co-author of the essay *Policy and Regulatory Framework Changes in the U.S. and Canadian Oil and Gas Sector*.

For example, Bill C-48, which bans oil tankers off British Columbia's northern coast, and Bill C-69, which makes the approval process for major resource projects less certain and more complicated, became law last month. And Canada continues to suffer a lack of pipeline capacity.

Moreover, the federal government has also introduced new methane emission and ethanol regulations, and Alberta's oilsands emissions remain capped.

On the tax front, while the U.S. recently lowered federal taxes (in part to encourage capital investment), governments across Canada have raised or maintained already high taxes on the energy sector. For example, Ottawa's federal carbon tax came into effect earlier this year. And Saskatchewan currently has the highest tax rate on new oil investment in North America, while British Columbia has one of the highest tax rates on new investment in natural gas.

Consequently, from 2016 to 2018, upstream oil and gas investment (essentially, exploration and production) increased 41 per cent in the U.S. but grew by only 15 per cent in Canada over the same time.

What's more, oil and gas capital investment (as a share of all investment in Canada) declined from 28 per cent in 2014 to just 13.9 per cent in 2018.

“Given the importance of Canada's energy sector to the economy, policymakers should move quickly to create a more competitive investment climate in the oil and gas industries,” said Elmira Aliakbari, associate director of natural resource studies at the Fraser Institute and editor of the essay series.

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