NEWS RELEASE

Absent policy change in Canada, investors will continue to favour U.S. oil and gas industry

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VANCOUVER—Due in part to Canada’s unfavourable business environment—which includes higher taxes, more regulation and lack of pipeline capacity—oil and gas investors will likely continue to divert investments from Canada to the United States, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Financial capital is mobile, so policymakers in Canada must understand that government policies have helped facilitate the flight of oil and gas investment from Canada to the U.S.,” said Steve Globerman, professor emeritus at Western Washington University, resident scholar at the Fraser Institute and co-author of The Investment Outlook for the Canadian and US Oil and Gas Sectors.

To understand the future prospects of North America’s oil and gas industry, the study compared “investor assessments” (a good indicator of profitability) of Canadian and U.S. oil and gas companies from 2011 to 2021.

The study found that over this 11-year period (despite a slight improvement in investment trends in Canada in 2021 due primarily to the 2020 U.S. election results, not any policy change in Canada) oil and gas investors increasingly favoured the U.S.

And absent policy change in Canada, investors will continue to favour U.S.-based investments in oil and gas.

“Because the oil and gas industry is a key driver of Canada’s economic growth and a major employer for Canadians, governments across the country should be very concerned about the industry’s future profitability,” Globerman said.

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