

6 Develop a national resource and climate strategy

Early in its mandate, the new government should convene a First Ministers' Meeting to begin development of a national resource strategy, with the goal of strengthening Canada as a location of choice for leading-edge resource companies that demonstrate how to achieve superior economic and environmental performance.

Canada's vast array of energy and natural resources has long been an important source of comparative advantage. Our country's ability to deliver secure, reliable and affordable energy and resource products to Canadian citizens and the world has contributed significantly to government revenues, provided well-paying jobs across the country and allowed companies to re-invest in their communities. Importantly, Canadian resource companies are the largest employers of Indigenous peoples and significant contractors with Indigenous-owned businesses. Going forward, these industries can help change fundamentally the outlook for Indigenous communities and allow them to take control of their economic destiny.

All credible evidence suggests global demand for energy and resources will increase in the short and medium term, as countries beyond our shores look to power their wealth-creating industries and provide an enhanced standard of living to their citizens. Given the energy-intensive nature of our economy, Canada's challenge in a carbon-constrained future is significant—but so too is the opportunity. We need a vision of how we can meet the intensifying demand for energy and resources—and increasingly cleaner forms of both—while also making the investments that allow Canadians to be key players in the longer-term global transformation.

Resource industries will supply many of the building materials and other inputs that the world needs to reduce emissions. This includes cement, steel and other metals that are required to connect renewable energy sources to markets, to construct new public transit systems and the charging infrastructure for electric vehicles, not to mention the vehicles themselves. Resource industries also will supply the precious metals and minerals, such as lithium and cobalt, that are key components of renewable power systems, batteries, smartphones and advanced cellular networks, and myriad other critical technologies.

In addition to strengthening Canada's place in that low-carbon supply chain, our country can help communities around the world cut their emissions by providing lower-emission energy sources such as liquefied natural gas (LNG) to replace coal-fired electricity.

Blessed with the incomparable advantage that our resource bounty represents, most other countries would have long ago developed a national vision of how to responsibly develop the products and technologies that the world needs. In Canada, however, continuing polarization and unhelpful debates about individual projects have led to paralysis, inhibiting our ability to plot a sensible course forward. Complex approval processes, long wait times and the ever-present threat of court challenges have resulted in declining investment in key sectors, as both domestic and international firms seek out a more welcoming investment environment in other countries.

Canadian firms should aim to be top-quartile performers in energy efficiency compared to international peers

What too often gets lost in the debate is the extent to which our industries already are addressing the key challenges. Oil sands companies are spending billions to address GHG emissions. They have also chosen to forego intellectual property rights in order to share newly developed technologies that reduce environmental impact.

Elsewhere, Canada's Rio Tinto Alcan is partnering with the Government of Canada, the Government of Quebec, Apple and other leading players to develop zero-emissions aluminum. Canadian firms boast world-leading forestry management practices and are embracing sustainable bio-energy. The chemical industry is a leading proponent of the "circular economy", a process that envisions thoughtful use of raw materials that can be transformed and re-used in numerous ways, eliminating waste. And Canada's agri-food sector is developing new products and agricultural methods that reduce the environmental footprint of food production and store more carbon in soils.

Notwithstanding all of this progress, it will be incumbent upon Canadian industry to demonstrate its commitment to doing better, both by investing in low-carbon technologies and by tracking performance vis-à-vis competitors in other countries. A desirable goal would be for companies to aim to be a top quartile performer in GHG emissions and energy efficiency compared to their international peers. Achieving such targets would not only improve a firm's bottom line—it would bolster the case for Canada as a location for investment in these critical industries.

Canadian companies also have an obligation to demonstrate how they are incorporating the risks of a changing climate into their long-term business strategy. The recent report of Canada's Expert Panel on Sustainable Finance contains some helpful ideas

in this area, including how to leverage the world-class expertise of Canada's financial institutions.

A national resource strategy needs to be truly national. Provinces and territories must see their interests reflected. Rather than a debate that pits region against region, we need an inclusive approach that brings Canadians together in support of common goals. It makes little sense to import oil into Eastern Canada while Western producers are forced to accept a discounted price from foreign buyers. In the same vein, interprovincial electricity transmission would allow hydro-rich provinces to earn better returns while lowering the carbon intensity of our electricity grid and improving system integrity and reliability.

It is time, too, to move beyond stale, divisive debates about GHG targets and focus instead on policies that can actually drive sustained reductions in Canada's GHG emissions. The Business Council has long supported a pan-Canadian approach to carbon pricing as a key element of that plan. Price signals encourage changes in behaviour—by citizens, institutions and businesses of all sizes—that are fundamental to success. Canada's new government should lead an effort to bring more cohesion to the current federal-provincial patchwork, which imposes additional costs with no corresponding benefit in the form of lower emissions. In addition, greater cooperation amongst government and stakeholders is needed to develop the best means to help protect Canadian communities against the impact of severe weather events.

A key focus should be on the infrastructure the country requires to bring this vision to reality, including oil, gas and electricity transmission, rail, roads, ports and related transportation infrastructure. The goal should be to ensure that all regions realize added benefit from Canada's resource wealth, in part by expanding access to global markets so that Canadians get full value for their resources. A priority of the independent infrastructure agency (see pages 8–9) should be on such wealth- and trade-enabling infrastructure.

What others are saying

“Canada has strong potential to capture and retain a leadership share of the evolving global resource market. Realizing that potential demands a collaborative effort between government and industry to position energy, mining and forestry to be competitive in the economy of the future.”

– **Resources of the Future Economic Strategy Table, March 2018**

“Canada is a pace-setter in responsible, innovative and sustainable development of natural resources. When Canadian resources are able to get to global markets, we do more than trade—we generate prosperity for millions of Canadians and share our expertise for positive global impact.”

– **Loren Remillard, President and CEO, Winnipeg Chamber of Commerce**

“We need to get a fair price for our natural resources today, to invest, so that future generations can have access to reliable, affordable and renewable energy to fuel their daily lives and support a healthy environment and growing economy.”

– **Patrick Sullivan, President and CEO, Halifax Chamber of Commerce**

“More than 1.82 million Canadians are directly or indirectly employed by Canada’s resource economy. In addition, Canada exports more than \$236 billion worth of natural resources every year. Yet Canada struggles to not only reach markets abroad, but also within its own borders. As a result, Canada’s natural resources are selling at a discounted rate, resulting in less investment in our social services and economy.”

– **Canadian Global Cities Council, May 2019**
