

Five reasons why Canada needs Canadian Energy Strategy now

Faced with climate change and diminishing resources globally, we are at a critical juncture for energy policy. Now, more than ever, we need a Canadian Energy Strategy that ensures energy security and helps transition to sustainable energy production and consumption. Instead, Canada is taking a “free market” approach to the oil and gas industry with no energy strategy that addresses where our energy comes from, where it is going, or the high price of environmental devastation that comes with producing it. Governments have signed this control away through multilateral agreements such as NAFTA and the Security and Prosperity Partnership of North America (SPP).

Former Prime Minister Brian Mulroney declared Canada “open for business” in 1984 when he signed the Western Accord with the three western-most provinces. Since then, Canada has functioned with a free market approach to the oil and gas industry. Our political leaders have left us without policies for strategic energy reserves, restrictions on foreign ownership and export limits.

Market forces alone cannot satisfy essential national energy requirements; our government must assume more responsibility for performing this role. The two countries Canada is most closely tied to through NAFTA and the SPP – the United States and Mexico – both have energy policies to protect their energy interests. So why doesn't Canada?

Here are five reasons we need a Canadian Energy Strategy:

1. To give Canadians energy security.

Canada now produces about 40 per cent more oil than it consumes, yet Quebec and Atlantic Canada rely on imports to meet 90 per cent of their oil needs. Thanks to NAFTA, Canada now exports two-thirds of the oil and close to 60 per cent of the natural gas produced each year to the U.S. NAFTA limits the ability of the Canadian government to impose import or export restrictions, or to intervene in energy trade issues except in extraordinary circumstances. We also can't cut back on the

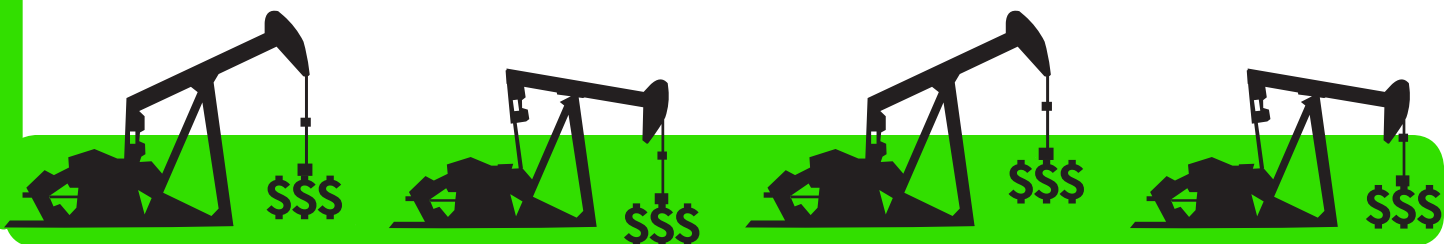


proportion of energy we produce and sell to the United States, even to meet Canadian needs or green house gas reduction targets. Even if the SPP is abandoned in name (in large part due to widespread public opposition), the deep integration agenda it represents will live on as long as corporations and free market supporters have the ear of our government. This means more energy integration, which transforms Canadian energy resources into North American resources. It also means a five-fold expansion of tar sands production (as proposed under the SPP) and more deregulation and privatization of the electricity sector with profound effects on the public systems of many Canadian provinces.

2. To protect our environment.

Allowing the market to direct energy production has led to an energy gold rush with serious consequences. According to Statistics Canada, energy production and consumption accounted for more than 80 per cent of greenhouse gas emissions in 2005. Canada's oil and gas industry –the tar sands in particular – will prevent Canada from meeting its obligations under the Kyoto Protocol on climate change. On average, Alberta's tar sands require two to five barrels of water to produce one barrel of crude oil. The separation of bitumen from tar sands also produces large amounts of toxic water stored in massive tailings ponds. Close to three times more greenhouse gases are produced to process bitumen than conventional oil production.

There are already devastating environmental impacts to our



shores and sea by offshore oil development, including the destruction of natural habitats for massive pipeline and transmission line projects. Uranium and coal mining create air pollution (including the release of acid-rain causing pollutants) and produces waste that can have long-term ecological impacts.

3. To help our economy.

Although costly on the environmental and social fronts, in financial terms, there is no doubt that Canada's energy sector makes substantial contributions to the national economy. However, Canadian royalties are some of the lowest in the world – the oil and gas industry has lower taxation levels than all other major industries in Canada. To help our economy, we need to ensure that oil and gas companies pay a fair share of taxes in the country relative to their profits, and we need to divert significant federal subsidies to the oil and gas industry (according to KAIROS, these subsidies were close to 1 billion a year) to help Canada become an international leader in renewable energy. Our economy will benefit if we transition to more sustainable energy production that provides quality, public "green" jobs.

4. To protect our health and future.

Allowing corporations and the market to set the agenda for energy policy puts our health and future at risk. It fosters an energy gold rush that also has serious health impacts. For example, in Fort Chipewyan, Alberta, located downstream from the tar sands, local physicians have sounded the alarm about unusually high cancer rates. The recent surge of interest in uranium mining also raises serious health concerns. Radioactive waste from the mining process can put mine workers and nearby communities at risk. The International Panel on Climate Change (IPCC) is clear about the urgent need to address climate change and reduce greenhouse gases in order to avoid widespread harm. The infamous Stern Review Report on the Economics of Climate Change likens the impacts of climate change on the world economy – if unchecked – to that of the world wars and the Great Depression. To protect our future we need a plan to transition away from fossil fuel dependency to more conservation of conventional energy resources, increased energy efficiency and renewable energy production and consumption. Yet the Canadian government continues to



subsidize the oil and gas industry and helps foster an energy gold rush while setting greenhouse gas reduction targets that fall far below the IPCC's recommendations.

5. To put people in control, not corporations.

Thanks to our historical free market approach to energy, Canadians do not have control over our country's energy resources. The Harper government continues to let oil and gas companies set the agenda. A NAFTA lawsuit by Exxon-Mobil and Murphy Oil shows that big oil companies will use trade agreements to resist even moderate government demands for reinvestment. The companies are suing the Canadian government over the actions of the Newfoundland and Labrador government requiring the corporations to spend some of their soaring profits on local research and job development. As with all NAFTA disputes, the outcome of the lawsuit will be determined by a secret panel of trade experts behind close doors.

Without a Canadian Energy Strategy – a strategy that will give Canadians security of their energy supplies, guaranteed access to energy reserves in times of need, and strong policies that protect our environment and focus on transitioning to sustainable energy production and consumption – our country will continue to be a victim of an energy gold rush. Politicians cannot let corporations and the market set the agenda for energy policy in our country.

Take action!

Contact Prime Minister Stephen Harper today and demand a Canadian Energy Strategy that puts people and the environment ahead of corporate interests.

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