



Take Charge! A National Day of Action in support of a Canadian Energy Strategy

Talking Points

Canadian Energy Strategy

Why do we need a Canadian Energy Strategy?

- Faced with climate change and diminishing conventional resources globally, now more than ever we need a strategy that ensures Canadians energy security and plans for a transition to more sustainable energy production and consumption.
- Canadians do not have control over our energy resources. Governments have signed this control away through multilateral agreements such as NAFTA and the Security and Prosperity Partnership of North America (SPP). This undermines public policy in the interests of ensuring Canadian's energy security and environmental sustainability.
- Canada has been without a national energy strategy for more than 20 years, opting instead for a market-based approach to the energy sector. Our government has not even considered policies such as export limits, strategic reserves, Canadian energy sharing arrangements and restrictions on foreign ownership.

Are national energy strategies unprecedented?

- The United States, a net importer, has a national energy policy. Mexico also has a national energy policy. The two countries Canada is most closely tied to through NAFTA and the SPP have protected their energy interests.
- According to energy expert Michael Klare, in the face of climate change and diminishing conventional energy resources, major energy consuming nations have undertaken reviews of energy policies in recent years coming to the same conclusion – governments have an important responsibility in satisfying important national energy requirements and that market forces alone cannot be relied on to do this.
- Since the early 1980s, our political leaders have adopted a market-based approach to energy policy that has fostered an energy gold rush – the tar sands being a prime example. The federal government even subsidizes the oil and gas industry close to 1 billion annually! This is money that could be spent, under a Canadian Energy Strategy, investing in just transition programs supporting the shift to greater conservation, energy efficiency and renewable energy production and consumption.

Tar sands

How can we call for no new approvals in the tar sands during a time of economic crisis?

- Equating the tar sands with economic strength fails to recognize that most of the profits derived from the tar sands go directly into corporate pockets; Canadians are not getting their fair share of energy revenues. Canada has some of the lowest royalty rates in the world and public subsidies to the oil and gas industry

persist. Norway collects two to three times more revenue per barrel than Canadian jurisdictions! Further, more than half of the tar sands projects are foreign-owned by big oil businesses such as Exxon and Shell. This also fails to recognize the impacts the fast paced development of the tar sands has had on manufacturing and forestry sectors in driving up the value of the dollar. Equating the tar sands to an economic driver in Canada also fails to recognize the negative economic and social impacts of labour migration from Atlantic Canada to the tar sands.

- The current economic slowdown can provide a brief pause in the alarming pace of tar sands development. Energy experts and financial analysts agree that the current drop in oil prices caused by the economic slowdown is not permanent. Because of the reality of diminishing conventional energy resources, oil prices will again surpass \$50, \$100 and even \$200 dollars a barrel in some predictions, ensuring the tar sands development has a future. In the meantime, we must engage in a frank and open discussion across the country and gain momentum supporting the call for no new approvals of tar sands operations or expansions. This is only a first step in reducing further environmental and social destruction caused by the tar sands. The tar sands are the fastest growing source of greenhouse gases in Canada – the top three greenhouse gas emitters in Canada are tar sands operators and a five-fold increase in operations is being proposed under the Security and Prosperity Partnership of North America. The tar sands also destroy vast tracks of boreal forests (carbon sinks that absorb the very carbon the tar sands emits), depletes and contaminates vast quantities of water, and communities downstream from production are getting sick.
- Even the Organization for Economic Co-operation and Development (OECD), in its 2008 Survey of Canada, encourages a change in how Canada manages the tar sands. The OECD warns that the Alberta government should invest resource rents in investment funds like Norway's in order to avoid the negative "Dutch disease" effects on the rest of the economy when a resource boom busts. The OECD advocates ending subsidies to the oil sector and is critical of the Alberta and federal governments' emission intensity targets in the tar sands and calls for strong action to reduce carbon emissions.

What does the Council of Canadians Energy Campaign call for?

- The Council of Canadians joins a number of organizations and concerned citizens across the country in calling for no new approvals of tar sands development. This is a first step in reducing further environmental and social destruction caused by the tar sands. The ultimate goal is to prevent increased tar sands production and reverse the environmental and social damage caused.
- Public subsidies to the oil and gas industry in and beyond the tar sands must end. This money should go towards investing in green jobs and public, less harmful energy alternatives like greater energy efficiency and renewable energy. Royalties in the tar sands should be increased so that Canadians see their fair share of energy revenues.

NAFTA and Energy

What is wrong with NAFTA energy provisions?

- Under NAFTA, market forces drive Canada-U.S. trade in energy with NAFTA limiting the ability of the Canadian government to intervene except in extraordinary circumstances. In line with free market ideals and as directed by NAFTA provisions, oil and gas exports have been deregulated, restrictions on American foreign ownership of energy resources removed, import or export restrictions undermined, and the influence of energy corporations has been enhanced. One of the main implications of NAFTA's energy policies has been a disconnection of energy production from consumption in our country. Two-thirds of oil and 61 per cent of natural gas produced in Canada is exported to the U.S. Meanwhile, Quebec and Atlantic Canada rely on imports to meet 90 per cent of their oil needs.
- NAFTA's proportional sharing clause (Article 605) obligates Canada to continue exporting non-renewable hydrocarbons to the U.S. in the same proportion of total supply as were sold to the U.S. over the three previous years. Our ability to get the energy we need could be at risk if imports were reduced or we were

faced with the reality of an energy crisis. We could not prioritize the use of Canadian supplies if this required reducing the proportion of our supplies that get exported to the U.S.

- NAFTA's Chapter 11 allows corporations to sue governments for compensation in secretive NAFTA trade tribunals over almost any state measure that impacts predicted profits. This works both preventatively and punitively against government measures to encourage local investment and strong environmental protection measures. The impact of Chapter 11 in relation to energy policy is particularly significant at a time when our governments must take immediate action to address climate change.

What does the Council of Canadians call for?

- The removal of energy provisions from NAFTA.
- The removal of Chapter 11 from NAFTA.
- The exclusion of water from NAFTA.