

A National Competitiveness Strategy for Canada's Natural Resources Industries

Issue

The federal government should coordinate with provincial and territorial governments and indigenous peoples to support the competitiveness of Canada's natural resource industries.

Background

Canada's natural resource industries – forest product, metals and minerals, agriculture, fisheries and energy – are the cornerstone of Canada's economy. Directly, these industries account for 12% of Canada's GDP, but this figure understates the true impact of this sector.¹ Including businesses that transform resources into commodities or transport natural resource goods and the impact of natural resources rise to almost one fifth of GDP.² Often the main source of income for Canadians in remote areas, the resource sector's rich supply chains also support jobs in industries important to Canada's major urban centers, such as finance, engineering, and other professional services.

Given natural resource industry's crucial importance to Canada's prosperity, governments must actively work to ensure a competitive regulatory and policy environment to attract investment. Two key barriers to competitiveness are challenging businesses across the resource industries:

1. *An uncertain regulatory system:* The federal government is currently in the process of reviewing its major environmental assessment processes with new legislation expected in 2018. For the energy and mining sector, creating one process that leads to certain results and complies with the principal of one project, one review will be crucial to attracting investment.
2. *Escalating costs of doing business:* Businesses face a range of government-imposed costs, many of which are necessarily to achieve important social priorities. The challenge is that governments are not taking a holistic view of these costs or their impact on Canada's competitiveness. This is particularly concerning given the introduction of climate pricing policies, which will disproportionately impact some types of natural resource producers. Working with the provinces and territories to design climate policies with a minimal impact on competitiveness, as well as taking a pan-governmental view of the cost of doing business, will be required to help Canada move forward on addressing climate change without crippling industry.

These two issues are not the responsibility of any single government, but will require coordination between federal and provincial/territorial governments to address.

Recommendations

That the federal government work with the province and territories to establish a national strategy for the competitiveness of Canada's natural resource industries. This strategy should include:

¹ Statistics Canada. Table 379-0031 - Gross domestic product (GDP) at basic prices, by North American Industry Classification System (NAICS), monthly (dollars)

² Statistics Canada Table. Table 379-0031

1. Ensuring that regulatory efficiency and the principle of one project, one regulator remain core to any new federal environmental assessment legislation and processes.
2. Conducting a Pan-Canadian assessment of the costs of doing business in Canada and working with provinces to find areas to reduce costs.
3. Launching discussions on competitiveness impacts of the Pan-Canadian Framework on Clean Growth and Climate Change with provinces, business and other stakeholders before 2020.