



WHERE LEADERS MEET TO UNLOCK BC'S FULL POTENTIAL

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Standing Senate Committee on Transport and Communications
The Senate of Canada
Ottawa ON K1A 0A4

RE: *Bill C-48*, An Act respecting the regulation of vessels that transport crude oil or persistent oil to or from ports or marine installations located along British Columbia's north coast

Dear Senators,

Thank you for the opportunity to provide testimony on *Bill C-48*. Unfortunately, the Business Council is unable to provide an in-person presentation to the Senate Committee. Instead, we attach a copy of our original comments shared with the House of Commons Standing Committee on Transportation, Infrastructure and Communities in October 2017 (attached¹). Here, we offer some additional insights that are largely consistent with those provided by other industry representatives.

Who We Are

As a public policy organization representing 260 large and medium-sized enterprises active in every sector of British Columbia's economy, the Business Council of B.C. promotes and seeks effective and nimble regulation and responsible fiscal policies that enable vigorous business activity for the betterment of Canadians.

No Evidence, Risks Unsubstantiated, "Standard" Inconsistent

Based on *Bill C-48*, Canada seems to have lost sight of the critical importance of jobs, the competitiveness of its export industries, and the need to diversify our country's trading partners.

Bill C-48 lacks sagacity, logic and is inconsistent in its application. It is a blunt and poorly-thought out instrument for managing risk. It largely ignores science and fact-

¹ Also available at <https://www.bcbc.com/dist/assets/submissions-and-presentations/presentation-bcbc-testimony-on-the-oil-tanker-moratorium-act/Presentation%20Bill%20C-48.pdf>.

based evidence from various sources, including the government's own departments and third-party experts. Most egregiously, the proposed tanker ban is applicable to only one of the country's coasts — British Columbia — which is home to two of Canada's leading ports, including the country's largest, which allow Canadian industries to engage in productive trade with the world's fastest-growing markets in Asia.

We submit that a broad tanker ban is not in the economic, social, or environmental interests of Canada or British Columbia. If the potential tanker risks are real, then the constraints contemplated in *Bill C-48* should apply to all of Canada's coasts. Were the Canadian government serious about this issue, it would be aggressively seeking to persuade the United States to restrict or even ban tanker traffic on the west coast, or more generally; we are aware of no evidence that it has been doing so.

Bill C-48 is unrealistic and fails to acknowledge several relevant points, including:

- that the existing Tanker Exclusion Zone has been effectively implemented since 1985;
- the similarity of risks for both tankers and non-tankers;
- that most spills are less than 10,000 litres and are from fuel oil for ships rather than oil being carried as cargo on tankers (Clear Seas);
- data showing a significant and continuing downward trend for crude oil spills;
- the minimal tanker traffic plying Canadian waters along the west coast (compared to the current situation along the east coast of Canada); and,
- the economic importance of energy exports to Canada's prosperity.

Global Energy State and Trade

To state the obvious, global demand for energy continues to rise. Oil and natural gas will remain key fuels in the global energy mix, even under the most aggressive greenhouse reduction scenarios of the International Energy Agency and United Nations Framework Convention on Climate Change. Canada is a significant player in the global marketplace for fossil fuels, and energy production and trade are hugely important to our economy.

Canada trades actively in all forms of energy. But oil represents the largest component of our energy export portfolio, since natural gas (not LNG) and electricity are exchanged only in continental or regional markets. Shipping via tanker is the only method of getting oil products to non-North American markets. Further, Canada has a distance-advantage to the biggest and fastest growing Asian energy markets. This is a significant competitive advantage that we should be seeking to leverage.

Instead, this advantage is effectively eliminated under *Bill C-48*. (See attached Business Council publication.²)

Canada continues to develop policy and legislation that will landlock our resources. The result is that we are on a track to cede the global oil market to jurisdictions with lower standards and less regard for the environment and human rights. The proposed moratorium is perplexing for a number of reasons, including the fact that in 2018 Canada imported -760,000 barrels per day of foreign crude oil, mostly through eastern Canadian waters and ports. Moreover, the current federal government has supported the development and exporting of LNG, which must be transported by marine ships to foreign customers. In this context, a tanker moratorium makes little sense, and its application only to the west coast of Canada none. Overall, we believe this is an irrational piece of legislation.

A Tanker Ban Conflicts with Trans Mountain Decision and LNG Approval

Bill C-48 also directly conflicts with Canada's approval of the Trans Mountain Pipeline, which we thought signaled the Government of Canada's confidence in Western Canada's natural resource economy. Canada has also pursued freer trade with Asia via the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. Energy is an important commodity in this trade relationship. The world wants and needs Canada's energy. *Bill C-48* stands in direct opposition to a policy and regulatory framework that approves a domestic transportation system for oil and oil products but thwarts its movement to offshore markets.

Consequences

The consequences of proceeding with *Bill C-48* in its current form will include reinforcing Canada's heavy and unhealthy degree of dependence on the U.S. market, at a time when the U.S. itself is becoming the new global energy superpower. The tanker ban proposed by *Bill C-48* strengthens American's market power over Canada and does nothing to reduce tanker traffic since it will not affect the movement of U.S. oil along the west coast. Under *Bill C-48*, Canadians bear the costs in terms of job losses, reduced government revenue, and a loss of high value economic activity. Nothing else is achieved, not even reductions in greenhouse gases since other jurisdictions with weaker or no GHG emission reduction plans in place will meet the global demand for oil and oil products. There is also no tanker spill risk reduction, the irony of which is made clear by looking at this live map tracking marine traffic around the world <https://www.marinetraffic.com/en/ais/home/centerx:-141.2/centery:63.0/zoom:2>.

² Also available at: <https://bcbc.com/dist/assets/publications/energy-production-consumption-and-trade-how-canada-and-b-c-stack-up/EEBv10n3.pdf>.

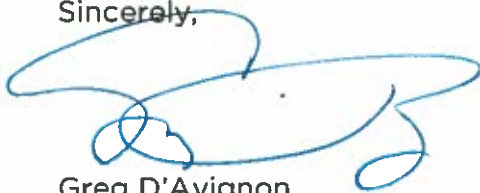
Foregone Value

The closest proxy to foregone value for Canada from an unwise tanker ban is the now shelved Northern Gateway pipeline. It would have had a capacity of 525,000 barrels per day or 191,625,000 barrels per year, which represents about 16% of Canada's total annual oil exports to the United States. Had the project proceeded, the planned in-service date was sometime in 2018. The average global price for oil in 2018 was US\$70/barrel. The straight-line foregone value of that oil was therefore US\$13.4 billion for that one year. Instead of the positive GDP and job effects from this proposed pipeline, Canada saw two things: i) significantly deeper discounted oil prices, because of constrained pipeline capacity to the United States, paying US\$34/barrel (Western Canada Select price), less than half of the contemporaneous global price; and, ii) increased oil production by the United States which is on the cusp of becoming a net exporter of crude oil and refined petroleum. Indeed, the U.S. is well on the way to becoming an energy superpower that watches as Canada self destructs. A tanker ban will exacerbate the current situation whereby Canada relies on the U.S. for almost 100% of our energy exports. We respectfully submit that Canada can and should do better.

Conclusion

The Business Council's view is that *Bill C-48* should not be passed. If, contrary to our advice, it is passed, then we urge that the Senate endorse the recommendations advanced in our original submission which would help to mitigate some of the negative impacts of this ill-considered and economically destructive piece of legislation.

Sincerely,



Greg D'Avignon
President and
Chief Executive Officer



Jock Finlayson
Executive Vice President
and Chief Policy Officer

DM/vjc
Attachs.