

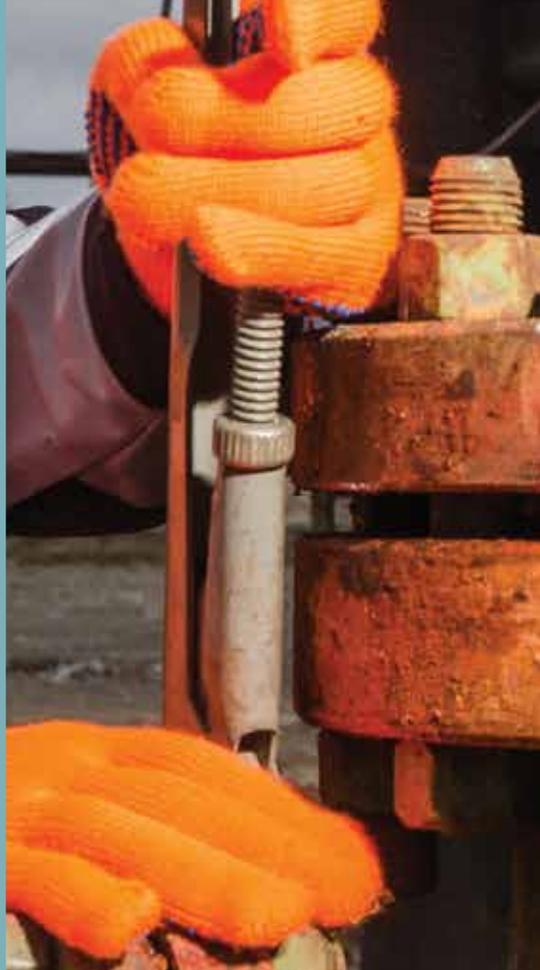


CANADA'S ECONOMIC STRATEGY TABLES

Resources of the Future

The sector today
and opportunities
for tomorrow

INTERIM REPORT



IRF



Budget 2017 proposed the establishment of six Economic Strategy Tables to **lead the creation of Canada's economic growth strategies**. Working with leading Canadian innovators, Innovation, Science and Economic Development Canada has now established the Economic Strategy Tables to identify growth opportunities in advanced manufacturing, agri-food, clean technology, digital industries, health/bio-sciences and resources of the future.

Canada's economic growth is expected to continue at a moderate pace, potentially impacting Canadians' standard of living. The Economic Strategy Tables will galvanize stakeholders in six high impact sectors by setting ambitious growth targets, identifying sector-specific bottlenecks to growth, recommending specific strategies to achieve the targets, drive long-term and sustainable economic growth, and create high quality jobs for Canadians. The Tables will also help guide the Government of Canada in its efforts to provide relevant and effective programs for Canada's innovators.

Long term sector specific action plans to meet ambitious economic growth targets for 2025 and beyond across six sectors where Canada is globally competitive will include:

- A common vision for both industry and government that sets the course for moving forward to identify sector strengths, overcome obstacles, and improve competitiveness and growth;
- Business-led solutions, government policy recommendations and public-private partnerships based on short-, medium- and long-term actionable areas;

- Greater inclusion of those traditionally underrepresented in the workforce, such as Indigenous Peoples, women, Canadians with disabilities and older workers, in these sectors; and
- A mechanism to champion and monitor sector growth strategies and results.

Each Table is chaired by an industry leader who drives the agenda of the Table and facilitates candid discussion. The Chairs of each Table also meet to take stock of progress and address key horizontal issues affecting all sector tables.

The sectors under the Economic Strategy Table Initiative have strong potential for innovation, growth and the creation of good, middle class jobs for all Canadians, including currently untapped pools of talent. They also face powerful forces of competition that demand action now to build on their strength and secure a place in the global economy.

Taking a sector-wide approach and sharing best practices will speed up and spread out the adoption of innovations, making sectors stronger on the whole. This will help make Canada's economy be more resilient, better able to weather market cycles, and will help cement our world leadership where we excel.

“Resources have been the foundation of the Canadian economy. We have all the ingredients, the talent, and capacity to flourish in the new economy. But to continue to prosper and attract capital, we must create an innovative ecosystem that improves our economic and environmental competitiveness.”

Lorraine Mitchelmore,
Enlighten Innovations

RESOURCES OF THE FUTURE

Resources of the Future refers to transitioning from the old resource economy into a new resource economy. It's where innovation drives economic and environmental competitiveness in the energy, mining and forest sectors, and which leverages Canada's natural resources advantage to transition to a low-carbon economy.

AT A GLANCE

THE RESOURCE SECTOR IS A SIGNIFICANT ECONOMIC CONTRIBUTOR

- Contributed 16% of Canada's GDP in 2016¹
 - Energy: \$187 billion
 - Mining: \$87 billion
 - Forests: \$23 billion
- Employed 1.74 million Canadians directly or indirectly in 2016²
- Leading employer of Indigenous people in Canada³

RESOURCES ARE A MAJOR COMPONENT OF CANADA'S EXPORT MIX

- \$201 billion in natural resource exports in 2016⁴
- Fourth-largest forest product exporter in the world by value⁵
- 144 countries import Canadian energy products⁶
- The U.S., EU and China are major export destination for Canadian minerals and metals⁷

1 Estimates based on Statistics Canada report <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/gdps04a-eng.htm>

2 Estimates based on Statistics Canada report <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/econ40-eng.htm>

3 Canada's Best Diversity Employers 2017 by Canada Stop 100 and The Globe and Mail
<http://www.canadastop100.com/diversity/>

4 Natural Resources Canada estimates based on Statistics Canada data

5 Natural Resources Canada estimates based on Statistics Canada data

6 Natural Resources Canada estimates based on Statistics Canada data

7 <http://www.nrcan.gc.ca/mining-materials/publications/19310>

CANADA HAS MANY STRENGTHS

- 3rd largest resource endowment per capita in the world⁸
- 3rd largest proven oil reserves in the world⁹
- 5th largest oil producer in the world¹⁰
- 3rd largest forest area in the world¹¹
- Top destination for non-ferrous mining¹²
- 2nd lowest household electricity prices of OECD countries¹³
- Forest industry outgrew overall economy in 2015
- Potential supplier of minerals for clean technology and energy applications
- Canada is a global leader in sustainable forest management.¹⁴
- Canada is the only oil and gas producing nation in the world that has a cap on greenhouse gas emissions that was collaboratively established by industry and government.^{15, 16}
- Canada was the first oil and gas producing jurisdiction in the world that established an organization consisting of the largest oil producers in the country with the sole purpose to collaborate on environmental technologies and drive environmental innovation without competition.¹⁷

CANADA FACES SOME CHALLENGES

- Volatile commodity markets and prices
- Lack of markets and access to markets
- Declining spend on mineral exploration and active projects. In 2016 active projects were 50% lower than the peak at 2011. Even with any expected recovery in the next year, total spend will continue to trend lower than past years.
- Relatively high development costs, especially for projects in remote areas with little infrastructure
- Foreign-based oil companies de-investing in Canada due to high costs and high price differential due to constrained market
- Shifting global supply and demand
- Trade renegotiation and disputes creating uncertainty
- Declining demand for some traditional products (e.g., paper based)
- Regulatory layers and delays create cost burden
- Evolving and uncertain Indigenous legal landscape

8 Based on information published in <http://www.nrcan.gc.ca/publications/statistics-facts/1239>

9 https://en.wikipedia.org/wiki/List_of_countries_by_proven_oil_reserves

10 Based on information published in <http://www.nrcan.gc.ca/publications/statistics-facts/1239>

11 https://en.wikipedia.org/wiki/List_of_countries_by_forest_area

12 Mining Association of Canada 2016 (Page 6) <http://mining.ca/sites/default/files/documents/Facts-and-Figures-2016.pdf>

13 Fraser Institute Energy Costs and Canadian Households 2016
<https://www.fraserinstitute.org/sites/default/files/energy-costs-and-canadian-households.pdf>

14 <https://www.nrcan.gc.ca/forests/Canada/certification/17474>

15 Alberta Government Capping Oil Sands Emissions <https://www.alberta.ca/climate-oilsands-emissions.aspx>

16 Alberta Climate Leadership Plan Announcement
<https://www.alberta.ca/release.cfm?xID=38885E74F7B63-A62D-D1D2-E7BCF6A98D616C09>

17 Canada's Oil Sands Innovation Alliance <https://www.cosia.ca/about-cosia>

PRIORITY THEMES

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. Doing so will help attract the investment and capital flows that Canada's resource industries need to continue to advance and adapt. The Resources of the Future Economic Strategy Table has identified the following priority themes. Competitiveness, environmental performance, inclusiveness and safety are the underlying principles behind each theme:

1. REGULATORY CERTAINTY

Regulations need to maintain public confidence in Canada's resource industries and provide longer-term predictability and certainty for investors. At the same time, they must support Canada's participation in the global innovation race and must maintain Canadian industrial competitiveness as the world transitions to low carbon products. Achieving these goals requires, among other things, close coordination between the various levels of government, science-based decision-making and approaches that are outcomes-based rather than prescriptive.

2. INNOVATION FOR COMPETITIVENESS

Given the changing competitive, environmental and global economic realities of the resource sector, companies need to be "future-fit" with value propositions that will apply to tomorrow's realities. Creating an agile, entrepreneurial culture of innovation and creating the right policy conditions for capital flow will enable the resources sector to be competitive. Innovation for competitiveness refers to innovation that delivers the highest return on investment at the highest efficiency with the lowest environmental and social risks. Creating the right policy conditions that give companies the space and resources to innovate with this mindset will unlock financial returns and environmental performance.

3. ACCESS TO MARKETS

The market for Canadian resources is global, and yet there exists limitations on our ability to reach these markets. Access to opportunity

depends on a variety of factors — from strong trade agreements that leverage Canada's global brand to east-west infrastructure that gives us access to tidewater in order to capture global market opportunities. As well, Canada's resource industries need forward visibility into emerging markets so they can establish the right conditions for accessing those opportunities early on.

4. INDIGENOUS PEOPLE AND COMMUNITIES

Many Indigenous communities across Canada depend economically on natural resources. Canadian resource companies today are collectively the country's largest employer of Indigenous people. A truly sustainable resources sector is one in which indigenous communities are engaged participants that benefit actively from resource development from jobs and business support services to active equity partners.

5. ATTRACTING AND RE-SKILLING TALENT

Talent is the foundation for cultural change enabling Canada to be a global competitive force in natural resource development, making Canadians proud of the success we create today and in the future. For the resources sector, in-demand skills going forward will include data analytics, engineering, technology-related skills and entrepreneurial thinking, where 'skills' refers to entry-level, trades, professionals and all levels of leadership, and must include the involvement of more women, youth, Indigenous people and other under-utilized segments of the population.



The background of the page is a photograph of an oil pumpjack in silhouette against a sunset sky. The pumpjack is a large mechanical structure used for extracting oil from a well. The sky is filled with soft, golden light from the setting sun, with some clouds visible. The overall mood is industrial yet serene.

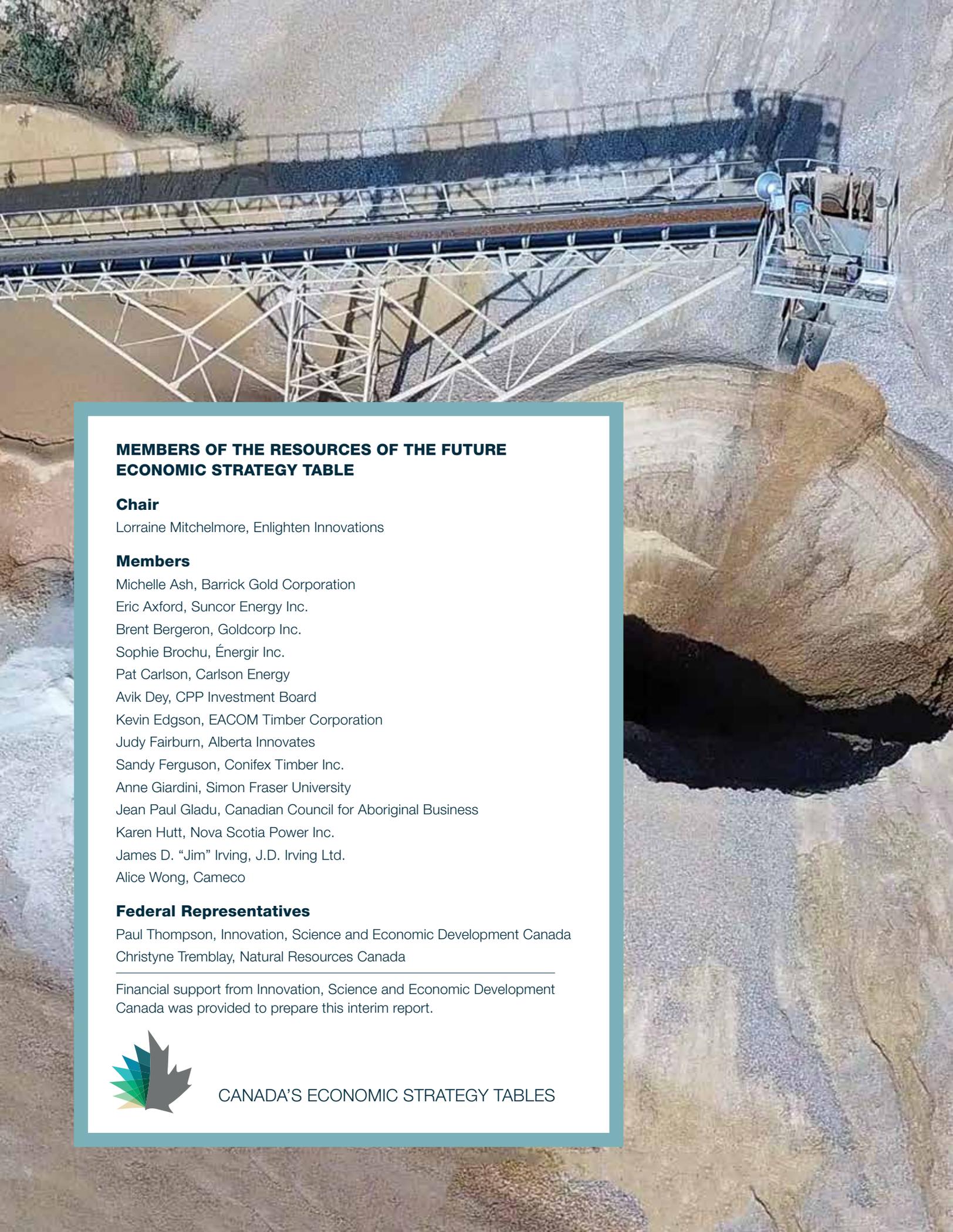
WHAT'S NEXT

With the release of these interim reports, Tables will: work on establishing a vision and aspirational, top-down targets for long-term sectoral growth; integrate sectors action-oriented proposals into one comprehensive report; develop an action plan that includes short-term early deliverables and long-term initiatives; and identify performance indicators to track and measure results.

Ongoing consultations and transparency are key components of the Economic Strategy Tables. Canadians are also invited to share their answers via the following email: ic.est-tsse.ic@gc.ca.

- What is your aspirational vision for your sector? What would success look like in 2025?
- It is often suggested that countries need to target their growth efforts toward areas of competitive advantage. In your sector, where does Canada have strength or emerging strength?
- What are the obstacles to innovation in your sector? (You may wish to think about investment, talent and skills, access to markets, rules or regulations, or demand.) How could these be overcome?
- What is, or will be, the most significant innovation globally in your sector for the next 10 years? What is needed to capitalize on this innovation and establish Canada as a world leader?
- To ensure that all Canadians benefit from accelerated economic growth, what actions and partnerships could governments, businesses, educational institutions and Canadians undertake?

To support a transparent process, Table minutes are posted at <http://www.ic.gc.ca/eic/site/098.nsf/eng/home>.



MEMBERS OF THE RESOURCES OF THE FUTURE ECONOMIC STRATEGY TABLE

Chair

Lorraine Mitchelmore, Enlighten Innovations

Members

Michelle Ash, Barrick Gold Corporation

Eric Axford, Suncor Energy Inc.

Brent Bergeron, Goldcorp Inc.

Sophie Brochu, Énergir Inc.

Pat Carlson, Carlson Energy

Avik Dey, CPP Investment Board

Kevin Edgson, EACOM Timber Corporation

Judy Fairburn, Alberta Innovates

Sandy Ferguson, Conifex Timber Inc.

Anne Giardini, Simon Fraser University

Jean Paul Gladu, Canadian Council for Aboriginal Business

Karen Hutt, Nova Scotia Power Inc.

James D. "Jim" Irving, J.D. Irving Ltd.

Alice Wong, Cameco

Federal Representatives

Paul Thompson, Innovation, Science and Economic Development Canada

Christyne Tremblay, Natural Resources Canada

Financial support from Innovation, Science and Economic Development Canada was provided to prepare this interim report.



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