

The energy-hungry world isn't waiting for Canada

[Commentary by Dave McKay, published in the Globe and Mail 'Report On Business', Apr 3, 2019](#)

History has placed Canada at a crossroads.

No other country of 37 million people has access to more natural resources – and the brainpower to convert those resources into sustainable growth for a stronger society. And yet, Canada is at risk of taking the wrong turn at the crossroads because some believe there are only two paths: one for economic growth, and the other for environment.

We're seeing this dilemma play out in Canada's energy transition as we struggle to reconcile competing ideas.

We aspire to help the world meet its energy needs and move to ever-cleaner fuel sources. We aim to reduce our carbon footprint. We want Indigenous reconciliation and long-term partnership. And we hope to maintain the standard of living we have come to enjoy. But without a balanced approach to harnessing our energy future, all of this is at risk.

We need to take a third path – one that will help us develop our natural resources, invest in clean technologies and ensure a prosperous Canada. It's the Canadian path forward, and the type of approach that's defined the country as a nation of builders for the past century and a half. We at RBC have seen this firsthand.

On Thursday, our bank will mark its 150th anniversary during our annual general meeting in Halifax – the city where the company was founded. The strength of our home country has been fundamental to RBC's success. Canada is a great place to do business – and this has been true for generations.

But we're reaching a critical time in our country's history. As our resources sector copes with a growing crisis, we worry that Canada is not setting up our energy industry for growth and success in a changing world.

When I travel abroad, and proudly talk up our country, too many investors tell me they feel Canada's door is closed when it comes to energy. We need to change that impression immediately, because these investors are backing up their words with action.

According to a recent study from the C.D. Howe Institute, Canada has lost \$100-billion in potential investment in oil and gas in the past two years.

We can't forget that energy is not only part of the economic fabric of Canada, it also funds our social needs. The sector has contributed \$90-billion to government revenues over the past five years, which covers about 10 per cent of what the country spends on health care, according to [RBC Economics](#). And if we squander our huge advantage and cede the dividends to other

countries, we'll also risk losing the opportunity to help combat the most daunting challenge of all – climate change.

RBC is taking this conversation as seriously as any challenge, and setting a new business target: \$100-billion in sustainable financing by 2025. This goal supports investments in sustainable firms and projects that are widely recognized as contributing to the low-carbon economy.

We're also balancing this strategy with added investments to our natural-resource and energy clients so they can continue investing in innovation that helps them produce the cleanest and most efficient energy in the world.

This balanced approach is what Canadians are demanding of the private sector – and of governments too. But to do that, governments at all levels need to focus and take action in four key areas:

It starts with building energy infrastructure to better enable market access and get our oil and gas overseas. For generations, we've relied on one export market for our energy – and that market is now our biggest competitor – the United States. Governments need to wake up to the challenge this year and solve it with more pipelines to tidewater.

Next, we can't access the world's fastest-growing markets without smarter regulations – fit for the 21st century. As we move forward, governments need to focus on a system with reasonable guard-rails on consultations and reviews that bring predictability and timeliness to the process. Canada has an outstanding reputation for regulatory administration – we can't undermine that with government roadblocks or leaving every dispute to the courts.

Just as important as a clear regulatory framework is a solid fiscal environment that is competitive on the world stage. Canada can do that through revenue-neutral carbon pricing, or through alternatives such as regulation. We have choices – but we can't be content with the choice of doing nothing.

And finally, a reasonable amount of carbon revenue needs to be invested back into clean energy technology and production. Few countries are better positioned to develop the technologies that will make oil and gas production cleaner than anywhere else.

The steps I've just outlined can be the path to achieving Canada's next big project. An ambitious approach to growth could add more than 1.1 per cent to the country's GDP – akin to adding another auto sector. It can also contribute an additional \$195-billion in revenues between now and 2030.

With the world consuming more energy – and global carbon emissions hitting new record highs – business as usual simply won't work. We can't stay at a crossroads. It's time for Canada to pull together on a plan – one that re-energizes our place in the world.

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