Canadian Chamber of Commerce | Chambre de Commerce du Canada

5 Minutes for Business

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5 Minutes for Business: A Tale of Two 2050s

Canada is at a crossroads. Increasingly, debate on our economy, and resource sector in particular, has become polarized around a false trade off: either we pursue effective climate action or we develop our resource sector. Somehow, we have convinced ourselves that we cannot do both. The recent uncertainty on the decision of Frontier Mine drove the point home that our climate policy and resource sector have yet to work together, both in the minds of many Canadians and in public policy. If we continue on this path, we will struggle in the years ahead to not only achieve effective action on climate change, but also to redefine Canada's economic activity with the resource sector as a thriving economic engine.

In what follows, we imagine a tale of two 2050s. One where we continue on our present trajectory and another where we think more strategically on how to leverage Canada's advantages in pursuit of its long-term goals of effective climate action and prosperity.

Scenario 1: Business as usual meant no business at all

It is 2050; Canada remains unable to find its footing in the 21st century. While there have been many opportunities in the global transition to a lower carbon economy, Canada remained largely on the sidelines. The conflict over natural resource development and Canada's climate policy ambitions created a deep malaise in new resource projects and later infrastructure projects from all sectors. In 2020, Canada forfeited $100 billion in resource related projects, missing significant employment and royalty opportunities for all levels of government. By 2030, economists calculated that 10 times this figure had been lost and nearly half stemmed from forfeited clean technology projects, projects that ultimately started in jurisdictions that appeared more promising. After continual delays on the construction of TMX, Canada's oil and gas exports fell by two-thirds to a mere $20 billion in 2025, down from nearly $90 billion in 2019. This decline took place while prices stabilized in the range of $50-65 per barrel, and oil and gas still makes up a quarter of global energy demand.

Unfortunately, while Canada was unable to decide on how it planned to match its climate ambitions with its energy sector, other countries took the lead. Norway, the U.S. and Russia met most of the global demand and managed to effectively leverage investment capital to help their energy companies make investments to continually reduce emission intensity and achieve net-zero through carbon scrubbing and access to offset markets. All levels of government saw significant declines in their revenue from the export of oil and gas products. The inability to develop a clear vision on how our resource sector could contribute to our climate goals hit beyond the energy sector. Despite significant global demand for copper, zinc and other metals, financing for major mining infrastructure projects remains scarce, and Canada continues to struggle with its reputation as a jurisdiction of high political risk.

As the resource sector faltered, the Canadian economy effectively lost 7% of its GDP from 2020 to 2023. This shortfall put significant strain on the economy, and governments tried with mixed success to attract new types of industry to Canada. Facing these headwinds, investments in education and social supports to help workers adapt to a changing economy were piecemeal and inconsistent. The skills gap widened, putting pressure on a rapidly aging tax base, and many governments in Canada saw declines in their revenue bases. Funding gaps have left communities and municipalities to shoulder climate adaptation alone. Meanwhile, compared to other nations, Canada's digital infrastructure and access to 5G was uneven, further exacerbating the digital divide.

Scenario 2: A better deal for a better Canada

The winter and spring of 2020 marked a critical turning point for the Canadian economy. Threats of a global pandemic shook markets. A slowdown in China rippled through the global economy, and as demand faltered, falling commodity prices and the further erosion of investment from the sector rocked Canada's resource sector. The decision from Teck to withdraw its Frontier Mine project appeared to ice future investments.

Seeing that we were facing a critical turning point, the government accelerated its discussion of Canada's net-zero strategy. Yet, it prefaced the discussion with a clear commitment: the pathway to net-zero must form part of a future where Canada's resources support and are part of the solution to climate change. With this mandate in mind, the Regina Deal tabled an agreement to draw in governments, industry, environmental groups and Indigenous communities. Signed in the fall of 2020, the deal outlined four key agreements. Climate adaptation projects would need to ramp up and support small- to medium-sized businesses and Canada's most vulnerable communities. Significant efforts were put in place to ensure energy security, resiliency and affordability were built into policy signals to decarbonize our power grids. Concrete steps were taken to develop Canada's circular economy with recognition of the role circularity could play in boosting productivity and reducing waste-related emissions. Core to this deal was the agreement that Canada would pursue a pathway to net-zero that would include leveraging the resource sector both in and beyond Canada, but to achieve this, we needed to restore investor confidence in the resource sector.

One year after the ink had dried, Canada had completed the TMX project and also greatly scaled up its LNG exports, with three new projects greenlit along the west coast. Canadian energy products displaced heavier fuels in other jurisdictions, and significant capital flew into energy companies as they scaled carbon capture and storage, carbon scrubbing and significant investments in renewable energy. At the same time, Canada made significant investments in infrastructure to support mineral development from 2022 to 2025. This created both the physical, energy and digital infrastructures needed to support 21st-century mining projects that were more productive and unparalleled in environmental performance. With these supports, investments in the resource sector surged, and Canada overtook Australia as the first jurisdiction of choice of mineral investors in 2027. Canada supplied the world with green minerals, as nations everywhere ramped up their climate ambitions.

All this success hinged on an enduring, non-partisan consensus on climate policy signed by businesses, Indigenous communities and all levels of government in Regina 2021. The consensus ramped up Canada's ambitions and matched it with policy directions that steered a clear pathway to net-zero while addressing the concerns of industries about the high cumulative costs of previous policies.

By 2040, oil and gas made up a quarter of the global energy supply in line with expectations. Through foresight and an enduring consensus, Canada positioned itself to supply nearly 45% of this global demand, supplying net-zero energy products that remain in high demand as other nations pursue their own.

With a thriving energy sector, Canadian governments found themselves with a stable base of revenues to build a social support system equipped to manage 21st-century challenges. Whereas other nations struggled to equip their workforces with the skills for a changing economy, Canada made major investments in retraining schemes and workforce planning exercises. In addition, several major LNG projects matched three times over the $47 billion in federal revenues from TMX. Funds from these projects built the resiliency of Canadian cities and communities. Canada reached a long overdue milestone by 2024 when all communities across Canada were equipped with clean water and reliable clean energy systems.

Where other nations struggled with aging populations and tax regimes ill-suited to the digital economy, Canada continued to draw significant revenues from its national resource assets. The consequence was that Canadians were able to maintain their standard of living as many other nations struggled to maintain their social services at the same level of quality. In addition, Canada's clean technology supported energy companies as they pursued net-zero and became an export capturing nearly $1 trillion in what grew to be a $7 trillion industry by 2035.

It is clear Canada is at crossroads. So which of these two tales will the federal government choose? Only time will tell. Regardless, we will continue to help build the businesses that support our families, our communities and our country through our Roadmap to Prosperity.

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