

Canada-US Energy Sector Competitiveness Survey, 2023

By Julio Mejía and Elmira Aliakbari

This report presents the results of the Fraser Institute's 2023 Canada-US Energy Sector Competitiveness Survey regarding barriers to investment in oil and gas exploration and production facilities in each country. The survey responses have been tallied to rank Canadian and American jurisdictions according to the extent of such barriers.

Those barriers, as assessed by the survey respondents, include high tax rates, costly regulatory obligations, uncertainty over environmental regulations, and the interpretation and administration of regulations governing the “upstream” petroleum industry, as well as concerns over political stability and security of personnel and equipment.

This year's survey of senior executives in the upstream oil and gas sector uses a methodology consistent with the one used in previous editions of the *Global Petroleum Survey* and the *Canada-US Energy Sector Competitiveness Survey*. A total of 165 respondents participated in this year's survey, providing sufficient data to evaluate four Canadian provinces and 13 American jurisdictions.

Jurisdictions evaluated are assigned scores on each of 16 factors known to affect investment decisions. These scores are then used to generate a “Policy Perception Index” for each jurisdiction that reflects the perceived extent of the barriers to investment.

According to this year's survey, for the second year in a row, Wyoming is the most attractive jurisdiction for oil and gas investment, followed by North Dakota (2nd) and Saskatchewan (3rd). Six other US jurisdictions also ranked in the top 10 this year: Oklahoma (4th), Kansas (5th), Texas (6th), US Offshore–Gulf of Mexico (7th), Louisiana (8th) and Alaska (10th).

Saskatchewan's third-place ranking this year places makes it the highest-ranked Canadian province. Alberta improved a few spots over last year and climbed to 9th place. Newfoundland & Labrador received enough responses to be included this year; it ranks 14th. British Columbia (15th) was the worst performing Canadian jurisdiction, posing the greatest barriers to investment.

Investors indicated that uncertainty concerning environmental regulations, regulatory duplication and inconsistencies, and disputed land claims were more concerning in Canadian provinces than in US states. In particular, 100 percent

Canada-US Energy Sector Competitiveness Survey, 2023

of respondents for Newfoundland & Labrador, 93 percent for British Columbia, 50 percent for Alberta, and 29 percent for Saskatchewan indicated that uncertainty concerning environmental regulations was a deterrent for investment. In contrast, only 6 percent of respondents for Oklahoma, 8 percent for Kansas, and 9 percent for North Dakota were deterred by this factor. Overall, on average, 68 percent of respondents were deterred by the uncertainty concerning environmental regulations in Canada compared to 41 percent in the United States.

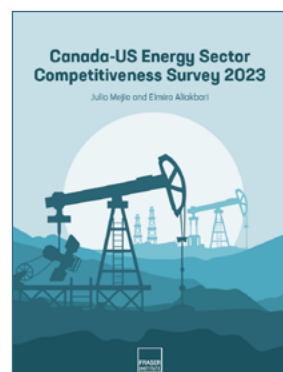
On other regulatory factors, all the respondents for Newfoundland & Labrador, 64 percent for British Columbia, and 35 percent for Alberta pointed to regulatory duplications and inconsistencies as a deterrent for investment, whereas none of the respondents for Wyoming and Kansas, and only 14 percent of respondents for Texas, indicated this factor was an issue. On average, 54 percent of respondents for Canada are deterred by regulatory duplications and inconsistencies compared to 34 percent for the United States.

Finally, investors pointed to uncertainty concerning disputed land claims as a major deterrent to investment in Canada in comparison to the United States. Specifically, among all the regions covered in the report, British Columbia and Newfoundland & Labrador stand out as the jurisdictions where participants expressed the most significant concerns, with 83 percent and 57 percent of respondents, respectively, identifying this factor as a deterrent to investment. In contrast, none of the respondents for Pennsylvania or Kansas and only 8 percent of respondents

for Texas expressed concerns over the uncertainty concerning disputed land claims. On average, 45 percent of respondents were deterred by the uncertainty concerning disputed land claims in Canada compared to 25 percent in the United States.

Our analysis of the 2023 survey results indicates that negative sentiment by the industry's senior executives regarding key factors driving petroleum investment decisions continues to be higher for many Canadian provinces than for competing American jurisdictions.

Our analysis of the 2023 survey results indicates that negative sentiment by the industry's senior executives regarding key factors driving petroleum investment decisions continues to be higher for many Canadian provinces than for competing American jurisdictions. In fact, the US performs better than Canada in 13 out of the 16 policy factors. Those factors where Canada outperforms the US are the quality of the geological database, security, and the legal system.



Canada-US Energy Sector Competitiveness Survey, 2023
By Julio Mejía and Elmira Aliakbari

[Click here to read the full report](#)

