

May 21, 2020

The Right Honourable Justin Trudeau
Prime Minister of Canada
Office of the Prime Minister
80 Wellington Street
Ottawa, ON K1A 0A2

Dear Prime Minister Trudeau:

The unprecedented effects of COVID-19 and its resulting impact on our economy, continues to have profound negative consequences on Newfoundland and Labrador.

As you are well aware, the oil and gas sector is a foundational component of this province's economy. A 2019 study by the provincial Department of Finance found that from 2010 to 2017, total (direct, indirect and induced) economic benefits related to the offshore petroleum industry in Newfoundland and Labrador accounted for nearly 30% of GDP, 13% of provincial labour compensation and 10% of provincial employment. Without urgent action to support this industry, the ability of this province to continue to deliver vital health, education, and social services to Newfoundlanders and Labradorians will be put in jeopardy.

The combination of ill-timed foreign overproduction and the significant drop in demand related to the ongoing pandemic, has dealt a devastating blow to the province's oil and gas sector. The industry is now experiencing indefinite deferrals of new scheduled projects and exploratory activity, as well as the anticipated pause in significant aspects of current offshore production. While the immediate challenges facing the industry have been widely reported in the public domain, the adverse impacts on the small and medium sized enterprises, which are the backbone of the local supply and service industry, are equally distressing. We estimate that the oil industry cancellations, deferrals and suspensions will create a loss of \$61 billion to the provincial GDP to 2038.

A sufficient supply in alternative energy sources has not appeared over the past few months; the reality is that this is years, if not decades, away. As economies begin to reopen and global demand for petroleum products returns, we need to ensure that Canada remains a global energy leader, demonstrating that this demand can be met in a socially and environmentally sustainable manner. Newfoundland and Labrador's offshore oil is already one of the least carbon intensive extractive crudes and emits significantly less greenhouse gas (GHGs) emissions than other oil-producing jurisdictions. For example, the Hibernia offshore field alone has some of the lowest carbon intensity, as emissions are 37% lower than the global benchmark reported by the International Association of Oil and Gas Producers.

In recent days, industry, stakeholders, and community leaders across Newfoundland and Labrador have come together to discuss how to achieve a socially, environmentally and financially sustainable future for the industry. This province can be a leader in the implementation of environmental technology and innovation, further enhancing the green credentials of Canada's offshore. In addition, opportunities to reduce GHG emissions more generally are also under exploration, such as supplying offshore installations with electricity from the mainland using a power cable transmission system; development of offshore wind facilities to provide power to existing facilities; use of carbon capture and storage technologies; and, deployment of flare reduction technologies.

Newfoundland and Labrador commits to net-zero emissions by 2050. We share your goals of environmental protection and reducing carbon emissions, including from the oil and gas sector, and we are dedicated to collaborating on all aspects of energy supply in Canada. We look forward to working together to develop a sustainable and economically competitive oil and gas industry, while investing in clean energy electricity collaboration, involving partners in the Atlantic Provinces and Quebec.

A plan for a strong, environmentally sustainable energy industry is a plan for economic competitiveness. The province is united in our expectation that the federal government will work with the provincial government, industry, and community stakeholders to be part of this future.

Only together can we advance the priorities of social and environmental sustainability, while providing a bright future for Newfoundland and Labrador.

Sincerely,



DWIGHT BALL
Premier

Cc: Honourable Chrystia Freeland, Deputy Prime Minister
Honourable William Morneau, Minister of Finance
Honourable Seamus O'Regan, Minister of Natural Resources
Honourable Jonathan Wilkinson, Minister of Environment and Climate Change
Honourable Siobhan Coady, Minister of Natural Resources
Newfoundland and Labrador Members of Parliament