Submission to the Standing Committee on Transport and Communications
Bill C-48 Oil Tanker Moratorium Act, An Act Respecting the regulation of vessels that transport crude oil or persistent oil to or from ports or marine installations located along British Columbia’s north coast.

Ottawa, Canada March 15, 2019
The Canadian Chamber of Commerce appreciates the opportunity to offer its perspective on Bill C-48 An Act Respecting the regulation of vessels that transport crude oil or persistent oil to or from ports or marine installations along British Columbia’s north coast.

The Canadian Chamber of Commerce is Canada’s most broadly-based business association. Through our network of more than 450 chambers of commerce and boards of trade representing more than 200,000 businesses of all sizes and in all sectors of the economy across the country, the Canadian Chamber is the voice of businesses, communities and families from coast to coast to coast.

The Canadian Chamber of Commerce has long held the position that we must develop our resources responsibly and sustainably. This commitment to sustainability runs from the extraction of resources to their delivery in world markets. The northern coast of BC is a pristine and unique ecosystem that is vital to B.C.’s tourism and the way of life for many indigenous communities. Achieving a balance between our commitments to sustainable development and supporting the economic development of communities both in oil-producing regions of Alberta and communities in Northern B.C is paramount.

Unfortunately, Bill C-48 will fail to address any issues related to marine traffic in Northern B.C and will harm the competitiveness of Canada’s energy sector.

In particular, the Canadian Chamber of Commerce would like to call attention to the following three key issues with the Bill:

- The recommendation of the Bill to place a moratorium on tankers carrying more than 12,500 tonnes of persistent crude oil is intended to reduce the risk of oil spills along the Northern B.C. Coast. This recommendation is not grounded in any evidence-based analysis of the risks of oil spills associated with tankers.

- The threshold of 12,500 tonnes of persistent crude oil means that Canadian ports will not be able to admit tankers large enough to carry our oil products to international markets. The moratorium effectively leaves Alberta oil landlocked, which has been the source of the persistent price disparity with WTI oil prices. If passed the legislation will have significant economic impacts and will undermine the competitiveness of Canada’s resource sector as a site of foreign investment.

- The Bill will fail to improve the ecological stewardship of the Northern B.C. coast but will hurt Canada’s energy sector, ports, and indigenous communities who are making investments in critical infrastructure to transport oil and gas.

1) **Moratorium is not an evidence based policy decision**

Though this Bill lacks a clearly stated rationale, ostensibly its purpose is to manage the risk of oil spills along the Northern B.C. coast. The Canadian Chamber of Commerce agrees that efforts must be taken to ensure that B.C.’s coast remains ecologically sound and that first nations living in Haida Gwaii and North B.C. coast have their ancestral territory and way of life maintained.

However, there is no evidence that a moratorium on tankers will be an effective means to achieve these aims. The legislation makes no mention of the barges, commercial vessels and other cargo ships
that statistically are far more likely to create oil spills than tankers. In fact, the Clear Ocean’s initiative shows that from 2003-2012, 78% of all oil spills in Canadian waters are from fuel spills from other commercial vessels. In particular, diesel spills pose a significant risk to ocean life and can be very challenging to clean.

In contrast, significant efforts have been taken through the Echo initiative and by Transmountain Expansion Corporation, to manage risks of spills from tanker traffic. These initiatives include managing the noise impact of all marine traffic on Orca populations, advanced emergency response services and plans to manage the unlikely event of a persistent oil spill. These initiatives will ensure that any risks of oil spills or noise impacts of tanker traffic and all commercial vessels will be mitigated. In addition, putting a limitation of 12,500 tonnes of persistent crude will reduce the total size of tankers able to enter these ports, this will actually mean that more tankers will need to enter B.C’s Northern coast at a higher frequency to collect oil than if larger tankers were permitted.

In addition, it should also be noted that 17,000 tankers traverse the Atlantic coast each year or 85% of all traffic. The potential risks these tankers pose to marine populations and coastal communities in Atlantic Canada have been managed through designated shipping lanes, seasonal speed restrictions and noise cancelling technologies. All of these management techniques are available and can be used to manage increased tanker traffic in the Northern B.C coast.

The evidence suggests that tankers are not responsible for most of the spills into oceans and that a much higher volume of tanker traffic is currently being managed in Atlantic Canada. As such, Bill C-48’s proposed moratorium lacks clear evidence and appears to ignore the success of other management and mitigation practices already used to manage the risks of Canada’s tanker traffic.

**Recommendation:**

Bill C-48 should not be passed into law. Instead, the Transport and Communications Committee should recognize other best marine shipping practices and consult with the marine pilot and shippers’ association to develop a strategy to guide tankers to open waters. This should be done in close consultation with Indigenous peoples. In addition, we propose that the measures proposed by Transmountain Expansion Project, from noise cancellation, emergency response systems, and should be applied to the Northern B.C coast. Finally, the government should look to other international best practices that have been used to manage commercial marine traffic with sensitive ocean ecologies. We recommend that the government consider establishing a particularly sensitive sea area (PSSAs) to ensure that commercial marine traffic of all types can continue without disrupting local ocean ecologies.

2). Barrier to Access to World Markets

The threshold of 12,500 tonnes of persistent crude oil is far too low to allow for any tankers with the capacity to deliver oil products to global markets to arrive in Canadian ports. The lowest carrying capacity amongst tankers is 80,000 DWT, (this is the weight available for cargo, crew, fuel, and provisions). Most other tankers fall within the range of 120,000 DWT to 320,000 DWT. It is not economically viable for even the smallest tanker to carry such a small volume of oil products to international markets.

This will have significant implications for the long-term economic potential of Alberta and Saskatchewan energy markets. Lack of access to global world markets has contributed to a significant price
differential between WCS and WTI, and erased 15.6 billion dollars in 2018. If this moratorium is passed, it will be as much of a detriment to Canada’s energy sector as the absence of critical pipeline infrastructure. There will be repercussions throughout Canada’s value chain from the immediate effects on the oil patch to those who create services and inputs for the sector.¹

The moratorium will pose a lost economic opportunity to Canadian ports. Oil shipped from tankers makes up 20% of all port traffic in Canada. Placing a moratorium on tankers will hurt the economies of small ports along B.C.’s northern coast. In addition, it will also reduce the economic activities of indigenous communities that are seeking to develop their own pipeline infrastructure to facilitate the sale of oil to global markets.

Finally, it must also be recognized that Canada’s emissions make up 1.6% of all global emissions. Successfully tackling climate change means reducing emissions both within our borders but also seeking opportunities to reduce global emissions by replacing higher emitting fuel sources with lower emitting fuel sources. Canadian carbon capture and storage, and decreasing energy intensity technologies are making more Canadian persistent oil products viable lower emission energy inputs. This moratorium significantly limits our capacity to export these products to lower emissions as the global economy transitions to lower carbon fuels and is a disincentive to Canadian innovation.

Recommendation:

It is the opinion of the Canadian Chamber of Commerce that this Act should not be passed. If, however, the act is to move forward, we propose an amendment to create a corridor for all tanker traffic carrying both persistent and non-persistent oils be created in the area of the moratorium. This corridor would allow for marine safety and emergency service measures to be consolidated (navigation aids, booms and tugs) and therefore be more effectively allocated. In addition, we would propose that after three years, a risk analysis is conducted of all tanker traffic. This risk assessment would outline any new available technologies that can be used to further mitigate against the risks of noise pollution or spills.

The Bill has Limited Environmental Merits but Heavy Economic Consequences

As mentioned, the C-48 has no measures to address diesel and other chemical spills from commercial vessels, despite the fact that these types of spills are far more prevalent than spills from oil tankers. It also contains no measures to reduce the impacts of noise on marine animals from commercial traffic. Consequently, it lacks the sophistication or reach to be effective in improving the environmental stewardship of the Northern B.C. Coast.

Yet, a moratorium carries significant economic impacts. Even when the infrastructure to transport crude oil to tide water is completed, the Bill will limit our export capacity and, in effect, continue the economic loss caused by the differential between WCS and WTI, a price differential that took 15.6 billion dollars out of the Canadian economy in 2018. In addition, ports make up 30 $billion in economic growth annually.

¹ To examine the overall impact of regulatory uncertainty on Canada’s resource sectors please consult the graph provided by the C.D. Howe Organization detailing year over year declining investment in Canada’s resource sector. https://www.cdhowe.org/graphic-intelligence/plunging-capital-investment-canada’s-energy-and-mining-sector
As tankers often carry mixed cargo, not merely oil, the threshold may deter some traffic from Canadian ports even if their intent is to bring other products and goods.

In addition, the moratorium harms the economic interests and opportunities for Indigenous groups that have invested in the Eagle Spirit Pipeline to transport persistent oil from Fort McMurray to Prince Rupert B.C. To date a coalition of nearly 200 First Nations Communities have lent their support to the Eagle Spirit Pipeline and feel that the moratorium impedes their ability for economic self-determination. Further, the Prince Rupert port is currently the fastest growing port in North America. This Act jeopardizes this growth and its economic benefits to local communities by suggesting to foreign and domestic investors that Canada may not be open to further business.

**Recommendation**

We recommend that the full economic and social impacts of the moratorium be considered and balanced against an evidenced based appraisal of the risks. It is our position that a moratorium be considered an option of last resort given that there are many aforementioned initiatives that can be used to manage tanker traffic in a way that remains environmentally responsible.