

Scott Simms
MP, Coast of Bays-Central-Notre Dame

Fronne Jones
MP, Labrador

Gudie Hutchings
MP, Long Range Mountains



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MP, Avalon

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MP, Bonavista-Burin-Trinity

Rt. Hon. Justin Trudeau P.C., M.P.
Prime Minister of Canada
Office of the Prime Minister
80 Wellington Street
Ottawa, Ontario K1A 0A2

Wednesday, May 27th, 2020

Prime Minister,

As Newfoundland and Labrador Caucus, we are deeply concerned about the health of the offshore oil industry in our province. Recently, a price war between OPEC nations and Russia has flooded the global supply of oil. At the same time, COVID-19 has reduced global demand for oil to levels not seen since the Second World War. Both factors have combined to create historically low prices for our oil product.

As a consequence, capital in the offshore sector is leaving the province, developments such as the Bay du Nord and West White Rose projects are being stalled, and exploratory drilling has ground to a halt. This is a dire situation for our province, which relies heavily on the sector for employment and revenue. The NL Department of Finance found that from 2010 to 2017, through direct, indirect and induced benefits, the sector provides 30% of provincial GDP, employs 10% of the workforce and provides 13% of labour compensation. Onshore, the sector has created many small and medium sized businesses in technology, construction, and servicing. Losing the sector would have serious consequences for provincial finances, to the point that basic services like healthcare and education would be at risk, causing serious harm to our communities.

Oil produced in the NL offshore represents one of the lowest carbon per barrel footprints in the world, an average of under 19 kg CO₂ equivalent per bbl. The world will continue to need oil in the coming decades and sustainable, responsible production in the offshore is necessary to achieving net-zero by 2050, a commitment that Newfoundland and Labrador has set for itself.

Our province also hopes to become a leader in clean technology, making our offshore even more sustainable. There are opportunities to power offshore facilities with electricity from onshore generation and offshore wind turbines. There are also opportunities for carbon capture and storage and flare reduction technologies.

This is why we fully support collaboration between our government and the Government of Newfoundland and Labrador to create a future for the offshore industry that is environmentally sustainable and economically competitive.

Newfoundland and Labrador Federal Liberal Caucus,
c/o MP Scott Simms, Caucus Chair,
Suite 608, Wellington Building, Parliament Hill, Ottawa, Ontario, K1A 0A6

With other green economies, such as the United Kingdom and Norway, enacting new measures to advance their offshore industries at this moment, while also committing to achieving Net Zero Emissions by 2050, Canada faces fierce competition to attract and retain business. Companies have options when it comes to where they put their operations, and other countries are building increasingly competitive investment environments for the offshore industry. In the coming decades, there is a huge potential for the offshore industry. So now is the time for us to work together to secure a stronger and more sustainable economy for Newfoundland and Labrador.

Thank you for your attention on this critical file.

Sincerely,



Scott Simms, MP
Coast of Bays-Central-Notre Dame



Yvonne Jones, MP
Labrador



Gudie Hutchings, MP
Long Range Mountains



Ken McDonald, MP
Avalon



Churence Rogers, MP
Bonavista-Burin-Trinity

CC: Hon. Seamus O'Regan, P.C., M.P.
Minister of Natural Resources

Hon. Chrystia Freeland, P.C., M.P.
Deputy Prime Minister and Minister of Intergovernmental Affairs

Hon. Bill Morneau, P.C., M.P.
Minister of Finance

Hon. Maryam Monsef, P.C., M.P.
Minister of Women and Gender Equality and Rural Economic Development

