



CANADA IS CREATING A
COMPETITIVE ENVIRONMENT FOR

LNG

Why Canada?

1 Experienced and reliable trading partner

Canada is a long-time, reliable exporter of large quantities of natural gas and for many years was second only to Russia as a global exporter of natural gas. Today, Canada is fourth in global natural gas exports and fifth in global production.

With that experience, Canada has extensive natural gas infrastructure and expertise and an experienced, mature and resilient natural gas sector that uses the most up-to-date technologies. The natural gas resource base has grown dramatically, and natural gas producers and global industry leaders are now looking to export Canadian liquefied natural gas (LNG) to overseas markets.

Governments across the country collaborate to support resource industries, including providing information about North American resources and markets; supporting investment in Canadian projects and industries; promoting international trade; working to ensure marine and pipeline safety; and supporting Indigenous and community consultation and engagement.

Canada has competitive advantages that will allow it to become a supplier of LNG to global markets:

- Massive natural gas resources.
- Proximity to key LNG markets (such as Asia, Europe and South America).
- Competitive investment, tax and fiscal environments.
- Regulatory stability and predictability.
- Extensive history of trade as a large and reliable gas exporter.
- Established oil and gas sector with world-leading expertise and technology.

2 Abundant natural gas resources and low prices

Canada's natural gas deposits are among the largest and most productive in the world. Canadian marketable natural gas resources are estimated at up to 44 trillion cubic metres (m³) (1,566 trillion cubic feet [cu. ft.]). At the current rate of



production of 410 million m³ per day (14 billion cu. ft. per day), these resources would last about 300 years. Individual well-flow rates in Canada's shale basins (e.g. the Montney and Liard basins) are routinely among the most productive in the world, reaching 567,000 m³ per day (20 million cu. ft. per day).

Canadian LNG facilities will be able to buy natural gas feedstock from some of the lowest-cost trading hubs in the North American natural gas market.

3 Proximity to traditional and emerging LNG consumers

LNG projects in Canada are closer to key markets than other proposed North American facilities:

- West coast LNG projects are about 10 shipping days from Asia. LNG shipments for the U.S. Gulf Coast to Asia take about 20 days and transit the Panama Canal, which adds to costs.
- Proposed projects in Eastern Canada are 6 to 8 shipping days from Europe (shortest distance to Europe of any North American LNG projects).
- Shipping times from eastern Canada LNG projects to some South American ports are 1.5 days shorter than shipping times from the U.S. Gulf Coast to the same South American ports.

4 Competitive fiscal environment

Canadian LNG projects attract a wide range of investors. Those who have expressed interest or have already invested include multinational oil and gas companies such as ExxonMobil and Shell; state-owned enterprises such as PETRONAS and PetroChina; LNG transportation and service companies; Canadian natural gas producers; Indigenous communities; and major LNG buyers.

Canada provides a competitive environment for the LNG industry:

- Lowered corporate tax rates
 - reduced to 15.00% from 29.12% as of 2012 – almost half the 2000 rate
- Favourable tax treatment for LNG developers
 - accelerated capital cost allowances of up to 30% for Class 47 property used in liquefaction facilities in Canada and up to 10% for non-residential buildings that are part of LNG facilities
- Clear timelines for regulatory processes
- Extended export licence term length
 - The maximum term length of export licences was increased from 25 to 40 years.
 - Reduced costs and increased thermal efficiency
 - Canada's cool climate contributes to lower operating costs for chilling natural gas to LNG temperatures.

5 Governments that support LNG development

Provincial and federal governments are solidly behind development of the Canadian LNG export industry.

6 Leveraging business opportunities

Investors in Canada can take advantage of business opportunities throughout the natural gas value chain: upstream exploration and production, natural gas processing, natural gas liquids (NGL), petrochemicals, pipeline transportation, LNG export terminals, and global LNG and NGL shipping.

Many proposed Canadian LNG and NGL projects include partnerships and joint ventures with major LNG and NGL buyers in Asia and Europe. A number of these projects also have offtake agreements or signed supply and purchase agreements in place. Key industry players include:

- AltaGas Ltd.
- Woodside Energy (International) Canada Limited
- Chevron Canada
- Shell Canada
- Petrochina
- PETRONAS
- Sinopec
- Japan Petroleum Exploration Co. Ltd.
- Kogas
- Mitsubishi Corporation
- India Oil Corporation Ltd.
- PetroleumBRUNEI
- Exxon Mobil Corporation
- Imperial Oil Limited
- Nexen
- INPEX Corporation
- JGC Corporation
- E.ON
- Great United Petroleum Holding Co. Ltd.

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