



**Canadian Natural**

## Written Submission for the Pre-Budget Consultations in Advance of the 2019 Budget

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By: Canadian Natural Resources Limited

**Canadian Natural Resources Limited**

Suite 2100, 855 - 2nd Street SW, Calgary, Alberta, T2P 4J8 T 403.517.6700 F 403.514.7677 [www.cnrl.com](http://www.cnrl.com)



- **Recommendation 1:** That the government allow immediate deductibility of capital costs for tax purposes in the year in which they occur, to be applied broadly across the economy.
- **Recommendation 2:** That the government ensure the level of protection to approximately 80% coverage of the aggregate compliance cost for Energy Intensive Trade Exposed industries, including the oil and gas sector, to address the competitiveness concerns and to avoid carbon leakage.
- **Recommendation 3:** That the government work to reduce regulatory costs and timelines in a manner that maintains Canada's high standards.
- **Recommendation 4:** That the government proceed with their commitment in the 2017 budget to review the Scientific Research and Experimental Development tax credit program, with a view to making it more effective through risk-sharing and inclusion of operational innovation within scope.
- **Recommendation 5:** That the government continue to take a leadership role in framing the opportunity for international recognition of Canada's progress in reducing global GHG emissions via its natural gas exports, and in seeking international credits through trade agreements under Article 6 of the Paris Agreement;
- **Recommendation 6:** That the government enable accelerated collaborative technology, infrastructure and innovation in the sector, particularly as it relates to technologies with potential to reduce costs and GHG emissions.

## Canadian Natural Resources Limited



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Canadian Natural Resources Limited (Canadian Natural) is one of the largest independent crude oil and natural gas producers in the world. We are proud to supply responsibly produced oil and natural gas to meet the world's growing energy needs in an environmentally-responsible manner. In so doing, our company's operational and capital spending supported 84,830 full-time equivalent (FTE) jobs (direct, indirect, and induced) in 2017.

Thank you for the opportunity to provide a submission in preparation for the 2019 federal budget. We support the theme of "Ensuring Canada's Competitiveness" which remains a significant challenge for the oil and natural gas sector. There are some encouraging signs including progress towards increased oil market access and improved oil prices. But commodity prices remain uncertain especially heavy oil differentials, natural gas prices are low, there is a need for natural gas market access, and regulatory costs and timelines are a concern. To this end, the Canadian Association of Petroleum Producers (CAPP) reports a decline in capital investment in our sector while we have seen an increase in the US.

Canadian Natural is a member of CAPP and is also working together with CEOs representing companies producing and transporting liquids-rich natural gas (LRNG). In this brief submission we wish to emphasize a few recommendations that will also appear in their submissions:

- Recommendation: That the government allow immediate deductibility of capital costs for tax purposes in the year in which they occur, to be applied broadly across the economy.
- Recommendation: That the government ensure the level of protection to approximately 80% coverage of the aggregate compliance cost for Energy Intensive Trade Exposed industries, including the oil and gas sector, to address the competitiveness concerns and to avoid carbon leakage.
- Recommendation: That the government work to reduce regulatory costs and timelines in a manner that maintains Canada's high standards.
- Recommendation: That the government proceed with their commitment in the 2017 budget to review the Scientific Research and Experimental Development tax credit program, with a view to making it more effective through risk-sharing and inclusion of operational innovation within scope.
- Recommendation: That the government continue to take a leadership role in framing the opportunity for international recognition of Canada's progress in reducing global GHG emissions via its natural gas exports, and in seeking international credits through trade agreements under Article 6 of the Paris Agreement;
- Recommendation: That the government enable accelerated collaborative technology, infrastructure and innovation in the sector, particularly as it relates to technologies with potential to reduce costs and GHG emissions.

Thank you again for the opportunity to provide recommendations in preparation for the 2019 federal budget.

Sincerely,

**CANADIAN NATURAL RESOURCES LIMITED**

Bill Clapperton

Vice President, Regulatory, Stakeholder & Environmental Affairs

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