



CANADA

MOST PREFERRED GLOBAL SUPPLIER OF OIL

With the world facing an energy polycrisis, opportunity knocks on Canada's door

In the past three years, the world has experienced a tremendous amount of disruption. Despite appearances, this disruption began before COVID-19. However, the pandemic and its aftermath brought it all into stark focus for many in 2022. Along with recovering from COVID-19, issues ranging from war to rising prices to geopolitical tensions preoccupied the world through much of the last year. It isn't just one crisis the globe is confronting, but many, all at the same time. The world is in polycrisis.

Defined as multiple crises where the whole is more dangerous than the sum of each part individually, no word better encapsulates the world in 2023. Some of the crises that make up the interconnected web that plagues us are geopolitical: Russia's invasion of Ukraine and rising East-West tensions; environmental: climate change and the havoc it wreaks with extreme weather events and climate migration; and economic: energy price shocks, rising inflation, and recessionary pressures. Many of these crises are also at play in the energy sector, which is experiencing a polycrisis of its own. However, in crisis there is often opportunity, and few countries are better positioned than Canada to benefit from the energy polycrisis.

Here's why. The energy industry is undergoing a transition from carbon-heavy fossil fuels to low-carbon, green, and renewable energy sources. However, the polycrisis is forcing most people to re-evaluate the specifics of that transition. Geopolitical uncertainty and rising East-West tensions has led to energy security and self-sufficiency rising to the top of the public consciousness, alongside concern about climate change.

Knock on effects of those geopolitical tensions are increasing energy prices and shortages, as supply chains are re-aligned along that divide. This has caused energy affordability to become another issue that the public is acutely aware of as they feel the economic pain every time they pull up to the pump or pay their monthly electricity bill.

While many would like the world to transition to lower carbon alternatives, the [demand for oil expected to persist](#) in the short term - a simple fact of life that many acknowledge when asked. Canada is in an enviable position to provide solutions to the energy polycrisis. Canada is a globally preferred supplier of oil. Canada's oil industry offers [evidence that it can produce oil in a more environmentally responsible way](#), and lead the transition to a greener future.

55% of Americans pick Canada as their first choice for imported oil

As part of a recent Ipsos study called [Context Energy](#), respondents around the world were asked a range of questions related to energy sources and energy production. Part of the study focused on the supplier of choice for imported oil. One of the questions involved asking respondents to complete a “ranked ballot”¹ where they ranked eight of the world's largest oil producers from most desirable to least desirable.

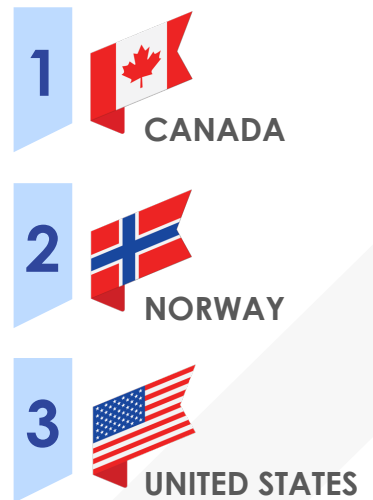
When asked to rank the world's largest oil producers from most to least desirable, the data reveal a clear trend favouring the closest supplier geographically. For example, among European respondents, Norway received 46% of the first-choice selections, and respondents from countries in the Asia-Pacific region selected the Middle East first 31% of the time. This was also evident in North America, where Canadians and Americans preferred each others' oil, with 55% of Americans picking Canada as their first choice for a source of imported oil, while 57% of Canadians chose the US first. Overall, this makes sense as Canadian and American suppliers would be the most likely to be in the local news in those countries. Canada and the US are also the closest to each other geographically and, would therefore, require the least physical infrastructure and transportation to get to the pump.

As it's virtually impossible for a country to get all their oil from one supplier, it is important to consider where a country will import energy from after their first choice. After all, Europe resoundingly ranked Norway first overall, but Norway can't provide all of Europe's oil. Right now, [Europe consumes over 10 million barrels of oil a day](#) and [Norway produces just 2 million barrels per day](#). Simple math tells us Europe would need to import an extra 8 million barrels a day just to meet its current demand. Where will all that oil come from?



Canada and the US are two of the world's three most desirable suppliers of oil. Canada was ranked in the top three 55% of the time while the US made the top three 52% of the time. In fact, Canada had the most top three selections of any supplier in three of the five regions surveyed.

In global rankings, Canada was ranked number one



All of this is to say that by a number of metrics, Canada is the world's most preferred supplier of oil. The question is, given the competing demand for a “greener future,” whether Canada can take advantage of this opportunity?

¹ A ranked ballot asks respondents to rank options from most preferred to least preferred. In this case, respondents were asked to rank oil producing countries from which they would prefer their country import oil, from most preferred to least preferred.



What about OPEC+ producers like Russia, and the Middle East?

While Canada, the U.S. and Norway are number one, the study tells a different story for countries with authoritarian regimes. These countries tend to lean towards more authoritarian suppliers. While Russian oil is still desired by some in Europe, it is primarily desired in those nations that border Russia or have more authoritarian leaders. These nations also ranked suppliers in the Middle East and China higher than other European nations. Russian oil is also very favourably viewed in China. As Russia's invasion of Ukraine continues, China is importing more and more Russian oil and is [on track to import a record amount of Russian crude in March](#). The two nations are doubling down on their trade relationship as they become increasingly isolated by the West. Russia is becoming more dependent on China, purchasing its oil and natural gas to finance its war effort amid continued weapons purchases.

When it comes to the Middle East, which is one of the most well-known suppliers of oil globally, name recognition doesn't translate to being a preferred supplier. Oil producers in the Middle East suffer from a negative perception regarding their human rights and environmental records. For example, Saudi Arabia has an [Environmental Protection Index](#) score of 39.90, which is 109th place out of 180 countries. However, nations in the Middle East are pouring much of their profits from oil production into renewable energy sources. Saudi Arabia is building a mega city with the goal of making it powered entirely by renewables and [the UAE recently signed a Net Zero 2050 charter](#). By using their oil profits to fund development of renewable technologies and speeding up their energy transitions, these countries are putting themselves in position to be global energy leaders for the next chapter of energy generation.

Opportunity Knocks

Canada finds itself at an energy crossroads. It can back domestic oil production and use the tax revenue raised from that production to invest in supercharging the transition to renewables or it can dither on the sideline and get passed by allies and adversaries alike. The world views Canadian oil favourably and many would prefer to import Canadian oil as they transition to renewables. Through investment in technologies like Carbon Capture and Storage, Canada can produce the oil that world needs

with lower emissions than other producers. Additionally, if the government can find a way to promote the merits of Canadian-produced oil for our allies today, while also investing in future renewable energy sources, Canada will be in a good place indeed. Among Canada's allies there is strong desire for Canadian oil as energy supply chains are redrawn along the growing East-West divide. The world is knocking on Canada's door for energy. All it must do is open it, and let it flow.

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APPENDIX

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