

Betting on Canada's Future

Canada's 2026 Investment Summit

**MEDIA
BACKGROUNDER**
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Canada will get left behind without a strong focus on clean energy investments

Prime Minister Carney is hosting Canada's first major investment summit amidst significant shifts in global trade approaches. The goal of the [summit](#) – taking place on September 14 and 15th in Toronto – is to attract new foreign investment into Canada, advance new nation-building projects, grow the economy, and drive more than \$1 trillion in investment over five years.

However, PM Carney is investing heavily in oil and gas at a time when global investment trends are moving away from fossil fuels. His government is financing LNG, pipelines and oil sands. This risks [saddling taxpayers with stranded assets](#).

The federal government faces a choice: it can leverage the summit to establish stronger positions in industries expected to grow over the coming decades or waste it by bringing new capital into sunseting industries.

The investment trends in energy are clear: investment in clean energy is far outpacing investment in conventional energy. As countries across the world transition to low-carbon, clean energy economies, they are investing in this future, and Canada should focus efforts on being part of that global shift.

This backgrounder examines international investment patterns and Canada's potential position within them.

Key takeaways

- Oil and gas face growing challenges in global markets. High prices, the rapid growth of electric vehicles and the shift towards clean energy are putting pressure on oil demand, creating increasing risks for new investments in the industry.
- Currently, China controls large parts of the supply chains for energy transition industries. There are significant growth opportunities for Canada in these sectors, including clean steel and iron, batteries and transformers. Investing in these domestic supply chains future-proofs Canada's economy.
- Climate impacts are already causing significant damage to the Canadian GDP. The cost of wildfire smoke alone has totalled over \$230 billion over the last decade. The

idea that we should delay climate action for the good of Canada's economy is false: climate damages are economic damages.

Globally investments in clean energy far outpace fossil fuels

Global energy investment is expected to reach a record US\$3.4 trillion in 2026. Of this, approximately [US\\$2.2 trillion will go to clean energy](#), compared with approximately US\$1.2 trillion for oil, natural gas and coal. **Clean energy is attracting almost twice as much investment as fossil fuels.**

Clean energy technologies are increasingly competitive in global markets. The International Energy Agency (IEA) estimates that around 80 per cent of global solar and wind generation now occurs at a lower levelized cost than coal or gas. [Battery prices have fallen by 75 per cent since 2015](#), helping drive rapid growth in electric vehicle sales and energy storage.

The investment opportunity is about building the infrastructure, manufacturing capacity and supply chains that will underpin the clean energy economy for decades to come. Canada has many of the assets required to attract this investment: clean electricity, critical minerals, a highly educated workforce, advanced manufacturing capabilities, access to major markets and strong global trust. It should use these assets to attract investment into growing industries that will build Canada's economic capacity for decades to come, including clean steel and aluminum, battery components and grid technologies.

Declining market for oil

[Global oil supply investment is falling](#) for the third consecutive year, dropping below US\$500 billion in 2026 despite elevated oil prices. Major oil companies are investing less in operations today than they have in the past. Most notably, the vast majority of money that oil companies are investing in operations is not to extract more oil, but to maintain existing production levels.

There is growing evidence that global oil demand will soon begin to decline:

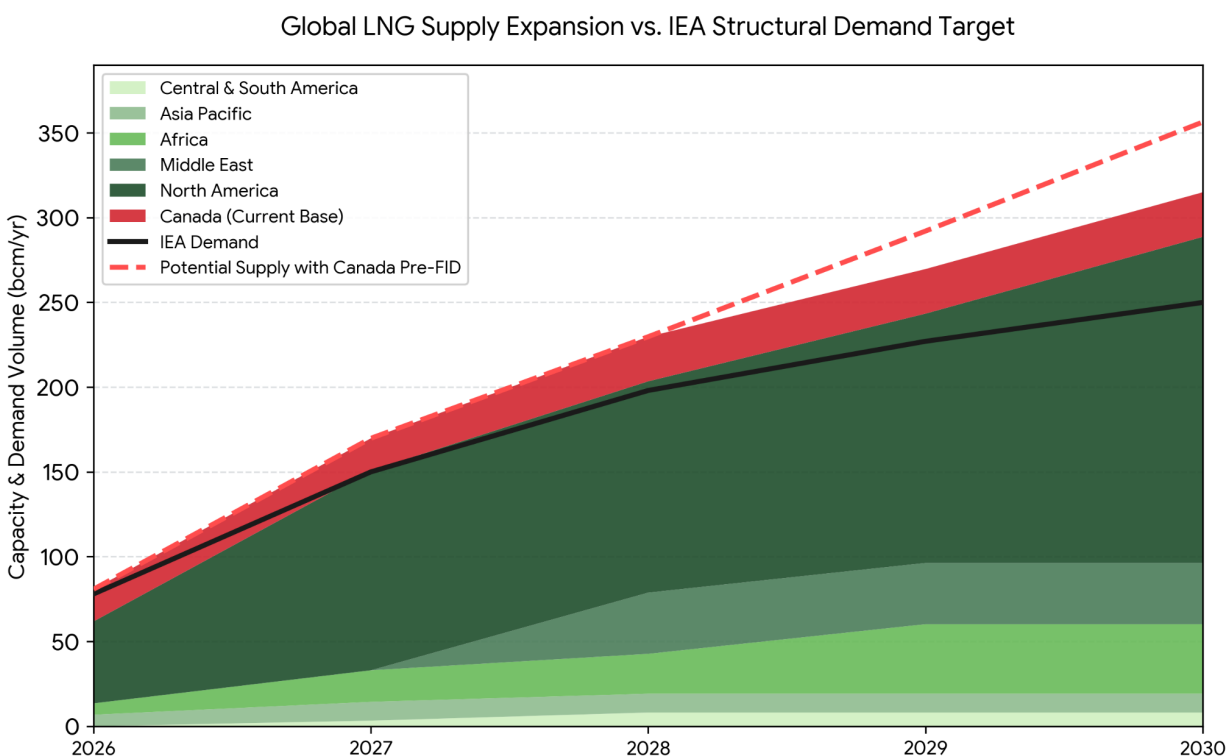
- The China Petroleum & Chemical Corp announced recently that [China - the world's largest oil importer - most likely reached peak oil last year](#). This drop was driven by increased oil prices forcing a shift to electric vehicles.
- According to the IEA, [global oil demand is now expected to decline](#) by an average of 1.6 million barrels per day (mb/d) this year. Higher oil prices are making it harder for consumers to afford oil, thus reducing demand. As long as oil exists as a globally traded commodity, there will continue to be disruptions causing supply chain issues and price fluctuations.

As we have experienced this year, oil continues to be a highly volatile global commodity, vulnerable to supply chain disruptions and fluctuating prices. When attracting investment, Canada should focus on building economic capacity for the future, rather than extending dependence on an industry facing increasing market risks.

Declining market for natural gas

Natural gas also faces a second supply crisis in five years as a result of the war on Iran. The high prices have prompted many Asian importers to accelerate their pivot towards domestic clean power resources as they seek to reduce their exposure to fossil fuel prices and supply shocks. In five major fuel-importing regions—China, the European Union, Japan and Korea, Southeast Asia and India—investments in renewables, electrification and efficiency [avoided approximately US\\$260 billion](#) in fossil fuel import costs in 2025. The savings came from investments in renewables, reduced fuel use in transportation and electrification.

According to the IEA, the global LNG supply will expand by almost 50 per cent by 2030. Global demand is currently not predicted to absorb this additional supply. Under current price trajectories, the IEA is also [anticipating an LNG surplus of 65 bcm by 2030](#). This excludes added capacity from LNG Canada Phase 2, and Ksi Lisims, which would add a further 35 bcm/ year of LNG supply by the early 2030s.



Data derived from the [International Energy Agency, Global LNG Capacity Tracker](#)

Economic costs of climate change

For Canada's long-term economic growth, the costs of climate change are no less consequential than the risks of weak investment. Wildfires, floods, extreme heat, drought and other climate-related events are already damaging Canadian communities and

infrastructure. These impacts create direct costs for governments, businesses and households, while also reducing economic productivity.

[The Canadian Climate Institute](#) estimates that climate change is already reducing Canada's GDP by approximately C\$25 billion annually relative to a stable-climate scenario, with annual losses potentially reaching C\$101 billion by 2050. The climate crisis could result in a 12 percent reduction in GDP by the end of the century, and household incomes potentially fall by 18 per cent.

Based on these figures, Canada would most likely lose more money in GDP damages in 2050 than it would earn in royalties from oil and gas ([which were \\$88 billion in 2026](#)). In this instance, the costs of the climate crisis would significantly outweigh the benefits from oil and gas royalties.

Climate change is also increasing household costs. Climate impacts are estimated to be responsible for roughly half of the increase in home insurance costs since 2008, adding [approximately C\\$533 per year to the average homeowner's annual insurance premium by 2024](#). Insured catastrophe losses in Canada could reach approximately C\$25 billion annually by 2050 based on historical growth trends, with uninsured losses adding substantially more.

Climate change impacts are therefore a core factor affecting long-term economic growth. Extreme weather can disrupt transportation and supply chains, slowing economic activity and reducing the reliability of Canada's export infrastructure. As climate risks increase, governments and businesses must devote more capital to repairing damaged infrastructure, adapting existing assets and managing disruptions

Wildfires highlight these risks clearly. The 2016 Fort McMurray wildfire [caused a significant production and export loss in Alberta's oil sands industry](#). The 2024 Jasper wildfire [cut park visitation by 53 per cent](#), impacting a tourism sector that generated C\$523 million in spending in 2019. These impacts create a negative feedback loop: as climate risks grow, more capital is diverted to repairing damage and managing disruptions, reducing investment available for energy transition opportunities.

Opportunities for growth

[UN Trade and Development \(UNCTAD\)](#) identified critical minerals, energy-transition technologies and semiconductors as three strategic sectors driving global investment. These sectors are also facing significant supply chain disruptions and limitations. China processes more than 70 per cent of global lithium, cobalt, graphite and rare earth elements, [while accounting for around 80 per cent](#) of global lithium-ion battery supply-chain production capacity.

Canada should increase its domestic capacity in these sectors to reduce exposure to supply chain disruptions, while attracting investment into parts of these supply chains where countries are seeking to diversify away from China.

Canada has a significant opportunity to build long-term economic capacity in critical minerals. Canada's lithium reserves could [supply around half of cumulative global lithium demand](#) between 2030 and 2050. The country should attract investment across the supply chain, including processing, refining, manufacturing and recycling.

However, when doing so, Canada must foreground principles which centre impact minimisation, circularity, environmental justice and Indigenous co-governance. The material and resource demand for the energy transition is very extensive, and Canada should position itself as a global leader in responsible development and innovation. A list of principles for a green energy transition can be found [here](#).

There are already examples of Canada responding to opportunities in the global energy-transition supply chain.

- **Transformers:** Increasingly long wait times for transformers are creating bottlenecks for electricity grid expansion. In late 2025, [Hitachi Energy invested C\\$270 million](#) to expand its power transformer manufacturing facility in Quebec, nearly tripling production capacity and creating more than 500 jobs.
- **Batteries:** Canada has an opportunity to build domestic battery supply chains while supplying countries looking to diversify their sources. [Mangrove Lithium](#) is developing lithium refining capacity in British Columbia with support from the Canada Growth Fund, while [First Phosphate](#) is developing an integrated phosphate-to-LFP battery supply chain in Quebec.
- **Clean steel and iron:** Canada has the clean electricity and high-purity iron ore reserves to produce low-carbon iron needed to decarbonize the global steel production. It is estimated that Canada could [triple the value of its iron ore exports](#) by investing in infrastructure to produce it with green hydrogen, and press it into transportable briquettes. This would allow Canada to capture more value from its natural resources while [creating new export opportunities as global manufacturers seek low-carbon steel](#). For example, [Champion Iron has invested 500 million to upgrade their Bloom Lake](#) facility so that it can produce the high quality of iron pellet required for clean steel supply chains. Energy transition technologies, such as transmission infrastructure and wind turbine towers, require steel in large quantities. The global energy transition requires [more steel than all other materials combined](#). Scaling these industries in concert is an opportunity for Canada to grow Canada's steel industry and strengthen aspects of its domestic supply chain.

These projects are proof of concept for the kind of economy that Canada could build if it uses moments like this Investment Summit strategically. Canada has and will continue to attract investment in energy transition sectors, but the federal government can accelerate this momentum. Or it can continue to direct investment towards LNG terminals and oil expansion, but that would mean competing for a shrinking pool of fossil fuel capital while foreclosing Canada's role in industries which will define the next fifty years of economic growth. This is the choice Canada faces.