**How Newfoundland and Labrador can achieve more sustainable economic development with their oil and gas resources?**

Dongjun Lee, Memorial University, mjun@snu.ac.kr

## Overview

Newfoundland and Labrador (NL) unveils plans to double its oil production by 2030 and lay the foundation for a natural gas industry in the province within the next 12 years to secure economic prosperity for the future (Oil and Gas Industry Development Council, 2018). Economic benefits from oil and gas industry are, however, volatile because of the non-renewable nature of the resource and dependency of prices on the global economy. Moreover, ill-considered development policy of natural resources often causes increasing health risks to workers and consumers, impoverishing regional farmers, and degrading of environment in the name of progress (Harris, 2003). Therefore, the government should accumulate substantial financial assets over period of oil production and invest it to prevent resource curse and achieve long-term sustainable economic growth (Barnett and Ossowski, 2002; Humphreys et al., 2007). However, the companies developing offshore oil and gas resources in NL enjoys lower tax burden compared to oil in Western Canada due to the relatively generous allowances for exploration and development (Crisan and Mintz, 2017).

This study aims to explore what policy does NL need in terms of fiscal policy and industrial policy so that the NL can get fair benefits from oil and gas development and continue its economic growth even in post-petroleum era for the future. For the empirical analysis, the case of the oil and gas industries and fiscal policies in Norway, Alaska, and Alberta are investigated and compared with the case of the oil and gas industry in NL. From the cases studies, this study will explore what are the weakness and threat of current oil and gas industry in NL compared to the other 3 cases, and what should be done to enhance it’s benefit sharing scheme.

## Methods

## This study adopts comparative SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis for the 4 case studies. The comparative study is expected to give valid insight for new oil fund regime in the province of NL. Second, quantitative analysis is adopted to increase the reliability of SWOT analysis.

## Also, Input-output analysis is adopted to evaluate how the revenue from oil and gas development distributed for industries, government, and publics in each case study. The results of the IO analysis show how the oil and gas industry contributes to the growth of the regional economy and utilized for the comparative SWOT analysis.

## Results and Conclusions

## Based on the empirical analysis, the study will address the feasibility of introducing new benefit sharing scheme in the province of NL, as a needed tool for the economically sustainable development of the province in a long term.

## References

Barnett, S., & Ossowski, R. (2002). Operational Aspects of Fiscal Policy in Oil-Producing Countries. IMF Working Papers. Retrieved from https://www.imf.org/en/Publications/WP/Issues/2016/12/30/Operational-Aspects-of-Fiscal-Policy-in-Oil-Producing-Countries-16121

Crisan, D., & Mintz, J. (2017). A 2017 Update of Taxation of Oil Investments in Canada and the United States: How US Tax Reform Could Affect Competitiveness.

Harris, J. M. (Ed.). (2003). Rethinking sustainability: Power, knowledge, and institutions. University of Michigan Press.

Humphreys, M., Sachs, J. D., & Stiglitz, J. E. (2007). What Is the Problem with Natural Resource Wealth? In Escaping the Resource Curse (pp. 1–20). New York: Columbia University Press.

Oil and Gas Industry Development Council. (2018) Advance 2030 – A Plan for Growth in the Newfoundland and Labrador Oil and Gas Industry, Retrieved from the Government of Newfoundland and Labrador website: http://www.nr.gov.nl.ca/nr/advance30/pdf/Oil\_Gas\_Sector\_FINAL\_online.pdf