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Canada's fossil-fuel sector controlled by a few major players— including the five big banks, new study shows

The major investors in Canada's fossil-fuel sector have high stakes in maintaining business as usual rather than addressing the industry's serious climate issues, a new Corporate Mapping Project study reveals.

"Substantial ownership and strategic control of Canada's fossil fuel industry are in the hands of a few major players, including all the Canadian big banks and several US investment funds, governments and some wealthy families—many of which are located outside Canada," says Bill Carroll, co-author of the study. "These entities have both an interest in the sector's continued growth and the economic power to shape its future."

The study, *Who Owns Canada's Fossil-Fuel Sector? Mapping the Network of Ownership and Control*, was released today by the Canadian Centre for Policy Alternatives BC and Saskatchewan offices and Alberta's Parkland Institute.

Analyzing shareholder and revenue data from recent years, the authors found that ownership of the sector is highly concentrated. The top 25 owners together accounted for more than 40 per cent of total fossil fuel industry revenues during the six-year period studied from 2010 to 2015. The top two investors over this period were Exxon Mobil Corp and the Royal Bank of Canada.

Among the leading pool of investors the study found:

- majority ownership of Canadian-based fossil fuel companies by foreign corporations accounted for the largest share (16 per cent) of the sector's revenues between 2010 and 2015.
- asset managers and investment funds such as BlackRock and Capital Group followed closely with approximately 15 per cent of revenues.
- banks and life insurers are the third-largest type of owner (approximately 12 per cent of revenues), with the big five Canadian banks (RBC, TD, Scotiabank, BMO and CIBC) consistently ranking among the top investors.
- wealthy families control approximately 8.5 per cent of revenues (such as the Desmarais family, the Southernns and Hong Kong's richest person, Li Ka-Shing, majority owner of Husky Energy).
- foreign governments accounted for three per cent of industry revenues, and Canadian federal and provincial governments together owned two per cent.

The study highlights the important role of banks and institutional investors despite the relatively small ownership stakes any given investor tends to hold in a single fossil fuel company.

“Financial institutions, pension funds and asset managers together own substantial blocs of shares in many of these companies,” says Carroll. “Each institutional investor may own less than 10 per cent of any single company, but as a group they own far more. This places them in a position to exert control as a “constellation of interests”.

The Royal Bank of Canada (RBC), which promotes itself as “Canada’s leading energy bank, for conventional, non-conventional and renewable resources,” matches many of its ownership stakes in fossil-fuel companies by sharing board/senior management members with those of the firms it partly owns. Banks like RBC are also important financiers of the fossil fuel industry through their lending activities.

“Some of the world’s largest transnational corporations continue to control several of the largest Canadian fossil-fuel firms. But what stands out in this study are the many comparatively small yet significant holdings of institutional investors that form constellations of interests in partnership with the top-level management of fossil-fuel companies,” says co-author Jouke Huijzer of Vrije Universiteit in Brussels.

“Decades ago, foreign control of Canada’s energy sector (and other sectors) was seen as a threat to Canadian self-determination and democracy, but the trend towards more Canadian corporate control of fossil-fuel extraction appears to have made little difference in how the industry functions,” says Carroll, a University of Victoria sociology professor who is co-director of the Corporate Mapping Project.

The Corporate Mapping Project is jointly led by the University of Victoria, Canadian Centre for Policy Alternatives (BC & Saskatchewan offices) and Parkland Institute. This research was supported by the Social Science and Humanities Research Council of Canada (SSHRC).

Parkland Institute is a non-partisan public policy research institute in the Faculty of Arts at the University of Alberta. *Who Owns Canada’s Fossil-Fuel Sector? Mapping the Network of Ownership and Control* is available for download on Parkland’s website at www.parklandinstitute.ca.

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