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WESTERN CANADIAN EXECS COUNT ON TRUMP TO BOLSTER OIL PATCH

As optimistic as Canadian executives are generally about the prospects of U.S. economic growth under President Donald Trump, that hope is highest in the west.Of the 155 senior corporate leaders who responded to the latest C-Suite survey, executives in western Canada were twice as likely to say a Trump administration will have a positive impact on their business over the next two years as respondents in central Canada. Slightly more than half – 52 per cent – of all respondents said Trump would be positive for their businesses, but that number jumps to 62 per cent for western business leaders compared to just 31 per cent for Ontario-based executives.Most of that regional disparity is likely because oil and gas extraction is the dominant industry in western Canada; a sector to which Trump has signaled strong support. In fact, by naming the outgoing CEO of Exxon Mobil as his pick for U.S. Secretary of State and an advocate of fossil fuel production as the head of the Environmental Protection Agency, the incoming president appears to be prioritizing a stronger North American energy industry. Canada's top business executives think Donald Trump will be positive for the U.S. economy, but the U.S. president-elect has them worried when it comes to trade.Asked what they consider to be the most positive outcome for the Canadian economy of a transition to a Trump administration, the most popular option by far was "increased support for the energy sector", with 34 per cent selecting that compared with 22 per cent choosing "increased Canada-U.S. trade".

Despite taking a strong anti-trade stance during his campaign, Canadian executives expect an exception will be made for petroleum products from this country. More than two thirds of respondents – 69 per cent – either somewhat or strongly agreed that Trump is "likely to be supportive" of Canadian oil and gas.Then there is the issue of market access, which has long been a sore point for producers in Alberta especially since opposition to new export pipelines from the landlocked home of the oil sands has been particularly intense. Trump campaigned on a promise to approve the Keystone XL project – which would ship more than 800,000 barrels of mostly oil sands crude to a Texas refining hub every day – and 88 per cent of respondents somewhat or strongly agreed the next U.S. president will likely allow it to proceed by the end of 2018.

AS THE OIL-SANDS INDUSTRY DECLINES, ITS BIGGEST CHAMPION BOLTS

N. Murray Edwards, who has acted as a sector standard-bearer in Canada for more than a decade, has decamped to London and lowered his profile Billionaire Canadian oil man N. Murray Edwards made a prediction two years ago that shocked many industry players: He forecast that oil prices would fall to $30 a barrel, spelling the end of rapid growth for Alberta's oil sands. He was right.Even with oil prices on the rebound after the Organization of the Petroleum Exporting Countries' recent meeting, Canada's sands are losing out to cheaper U.S. shale oil as the energy industry's supplier of choice for higher cost barrels of oil. That is bedeviling energy executives who bet big on oil sands, and none more so than Mr. Edwards, chairman of Canadian Natural Resources Ltd., whose move to London this year has left a vacuum in the country's industry and policy circles.

Long viewed as Canada's most influential oil man, the 57-year-old businessman continues to oversee one of the nation's largest energy companies, phoning in to weekly meetings, according to the company, which has no chief executive officer. But his absence was conspicuous last month at an annual conference of business leaders he had co-chaired for 15 years."I think his voice is missed. There are very few senior executives who are prepared to wade into policy issues," said Alan Ross, managing partner in the Calgary law firm Borden Ladner Gervais LLP.Mr. Edwards—who declined to comment for this article, as did Canadian Natural, about the reason for his move—cited personal circumstances for his London relocation during a newspaper interview in May. Among

other things, he said he wanted to "step back" from his day-to-day role in Calgary. CNRL officials recently said his role at the company is unchanged. Canadian Natural has lost money in all but one of the past seven quarters, including its most recent. It posted a loss of 326 million Canadian dollars ($248 million) in the third quarter, compared with a loss of C$111 million a year earlier.The company isn't alone. Canada's oil-sands industry is on track to post a loss of 10 billion Canadian dollars ($7.6 billion) in 2016, marking the first time it has lost money for two consecutive years, according to the Conference Board of Canada, a think tank that analyzes economic trends.While crude prices are rallying above $50 a barrel following OPEC's recent decision to cut production, oil prices fell from more than $100 a barrel in 2014 to below $30 a barrel earlier this year.

Alberta, which lured tens of billions of dollars in investments from the world's biggest oil producers during a decade of heady growth from about 2003 to 2013, is now viewed as one of the places least likely to recover from the price rout because of high investment costs, long development time and looming limits on carbon emissions.Canada's National Energy Board estimated in October that oil production—mostly from oil sands—would rise along with prices to 5.7 billion barrels a day by 2040, nearly 400,000 barrels a day less than it had forecast in January. If prices stay relatively low, however, output could grow to 4.7 million barrels a day by then, barely up from 4.3 million barrels a day in 2015.Pressures on the oil sands prompted Statoil ASA to exit its Canadian oil-sands operations last week and take a $500 million write-down. Royal Dutch Shell PLC took a $2 billion write-down last year after abandoning a major oil-sands project, and Exxon Mobil Corp. said earlier this year it may be forced to remove billions of barrels of oil-sands reserves from its books."They're seeing headwinds and essentially putting the brakes on," said Mike Dunn, an analyst at Calgary-based investment bank GMP FirstEnergy Capital Corp.Canadian Natural, whose Canadian operations account for nearly all of its crude-oil reserves, has improvised."We're going to really have to find ways to redo our business," Mr. Edwards told reporters in 2014. Many were irked by one of those changes: embracing a new,

left-leaning provincial government's environmental agenda, which includes higher carbon taxes and a controversial cap on greenhouse-gas emissions tied to oil-sands production."They cut a deal with the government and left a lot of people out in the cold," says former TransCanada Corp. CEO Hal Kvisle. During the past two years, Canadian Natural has shelved much of its growth portfolio and cut spending to conserve cash. It continues to groan under the debt load it took on to finance a new C$22 billion oil-sands mine in Alberta, and low oil prices are squeezing its profit margins.Moody's Investors Service cut Canadian Natural's credit rating this year to one level above junk status.Analysts expect Canadian Natural to weather the storm, and its stock has recovered from seven-year lows it hit in January. For the year so far, shares are up more than 50%, and the company currently has a market value of C$48.9 billion.

Canadian Natural has moved to reboot plans for a new small-scale project, and is ramping up production to bring the final phase of its massive new oil-sands mine online next year.The company has little choice but to double down on its core business. "They have less flexibility than global oil majors who can shift or tilt in a way that players with mostly local assets can't," said Kevin Birn, oil-sands analyst at research firm IHS Markit Ltd.