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**From:** Dmitriy Frolovskiy  
**To:** Major Project Watchers  
**Re:** CANADA'S ENERGY STRATEGY MUST LOOK BEYOND CURRENT MARKET DISRUPTION

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Canada can't replace oil or gas volumes lost through the effective closure of the Strait of Hormuz now, or ever.

Canadian supply is not large enough, cannot expand fast enough, and is not geographically positioned to fully offset an interruption in Gulf flows.

What it can do is get ready for next time and better position the country for reducing other countries' geopolitical uncertainty in trade. Canada can reduce the cost of future shocks by ensuring that more of its energy reaches more than one market. That is not an emergency-substitution argument. It is a resilience one. For a country as dependent on resource exports as Canada, it is also an economic security issue, which is why a steady focus on what is achievable soonest should apply to assessment of major energy projects.

The United States remains the base of our national energy calculus. Canada's oil and gas system is overwhelmingly tied to the continental market. That integration is not a weakness to be corrected. It is the commercial platform from which any credible diversification strategy must begin. The objective should not be to weaken North American energy trade or to pretend that Canada can materially redirect its US exports. It is to improve optionality at the margin, so that incremental Canadian supply can reach non-US buyers as commercial and strategic conditions justify it.

That framing also helps to resolve the geographic question. Asia should likely come first, Europe second. Japan imported 65.9 mt of LNG in 2024, China 76.7 mt, South Korea 46.3 mt, and Taiwan 20.1 mt, while South Korea still sourced 61 percent of its oil imports through Hormuz, so Asia needs Canadian energy for scale, diversification, and security.

Europe matters too, but Atlantic LNG projects would take years to build and would do nothing for the present crisis. The Atlantic case is medium-term. The Pacific case is immediate. The two should not be collapsed under one heading of strategic exports.

There is another problem. The next challenge may not be scarcity. It may be competition.

If the current crisis fades quickly, and if constrained suppliers such as Iran or Venezuela return more fully to the market, or OPEC restrictions wither away, Canada could face a looser market, more discounted barrels, and sharper pressure on its export position.

Diversification is therefore not only insurance against disruption. It is also a competitiveness requirement.

This is where Ottawa's case still falls short. The federal government has added new policies, offices, and financing tools. What it must build is a hierarchy of projects.

Which projects change Canada's export position soonest? Which deepen access to markets Canada does not already serve? Which have the Indigenous partnerships, financing, permits, and construction logic?

Too much of the debate still assumes that all projects are equally urgent, that all delays carry the same strategic cost. That lacks prioritization. Some projects materially expand Canada's export flexibility within three to five years. Others do not.

The missing discipline is straightforward.

Projects should be ranked by two main tests: **time-to-export** – including deliverability – and diversification value. The first asks how quickly and effectively a project can be completed. The second asks whether it opens or deepens access to a non-US outlet. By that standard, a brownfield expansion, compressor addition, storage upgrade or electricity intertie that can add usable capacity within three to five years may be more strategically valuable than a larger project trapped in political debates.

The country does not just need more approvals. It needs triage and speed.

Indigenous partnership should not be treated as a procedural box near the end of the process. It is part of execution. Projects with early rights-holder engagement, credible benefit-sharing, community capacity, and possible Indigenous equity participation are more legitimate and more likely to move.

The same is true of environmental credibility. Ottawa does not need another abstract debate over whether Canada should build anything at all. It needs a way to separate projects that can meet real market and regulatory tests from projects that stir new rounds of political debates.

That leads to two practical conclusions. First, project review should follow strategic ranking, not precede it. Ottawa should identify which projects justify compressed timelines and which do not. Second, public finance should follow the same logic and be reserved for projects with a defined export market, credible construction sequencing, measurable diversification value, and a serious plan for Indigenous participation.

To conclude, Canada cannot offset a Gulf shock. But it can help reduce the geopolitical risk many energy importers now recognize and Canada can decide, before the next shock, which projects would actually change its export position and which would merely consume time.

That is the narrower and more serious program for Ottawa. The test of Canadian energy policy is not whether it can sound grand in a crisis. It is whether it can decide what matters first and execute.

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