



PM Justin Trudeau Is Planning to Take Action on Behalf of Canada's Struggling Energy Producers

Description

According to a recent report from **Thomson Reuters Corp.**, the CEO of **Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)) expects that Canadian prime minister Justin Trudeau is about to make a significant push on the behalf of those involved in the Canadian oil sands.

The announcement couldn't come at a better time either, as those operators in Canada's oil sands — home to one of the largest reserves of oil anywhere in the world — have been plagued with deeply discounted prices since the end of last year thanks to [supply bottlenecks](#).

Steve Williams, who just marked his sixth anniversary as CEO of Suncor, said that he wasn't exactly sure what actions PM Trudeau was planning to take, but that he was confident Trudeau would be making a move in the "next few weeks" that would ensure that the **Kinder Morgan Canada Ltd.'s** (TSX:KML) Trans Mountain oil pipeline expansion would go ahead as expected.

According to the report, Williams went on to say that not only did he expect that the Trans Mountain expansion would be approved, but also that he was confident that **Enbridge Inc.'s** ([TSX:ENB](#))([NYSE:ENB](#)) Line 3 Replacement project would also likely move ahead as planned.

Williams's comments regarding Enbridge's Line 3 project come just a few weeks after a [Minnesota administrative court](#) ruled against Enbridge's proposed route for its pipeline to Wisconsin refineries.

While Enbridge stock sold off on the court ruling, the company applauded the announcement and suggested that it took the project one step closer towards making it a reality.

Canadian oil sands producers need pipeline throughput capacity

Despite a strong rally in the price of West Texas Intermediate Crude (WTIC) that extends back to last summer, Canadian prices have lagged the broader recovery thanks to supply bottlenecks.

Suncor suggests that the discount faced by Canadian producers on the price of their “heavy oil” was nearly twice what it was in the first quarter as compared to a year ago.

While Williams has said that Suncor’s own growth agenda doesn’t stand to be affected by the current bottleneck, the latest news could be a catalyst for other producers, like **Crescent Point Energy Corp.**, **MEG Energy Corp.**, and **Baytex Energy Corp.**, all of which have seen their shares absolutely take off in recent weeks.

It could also be welcome news for **TransCanada Corporation** and its plans for the Keystone XL project.

Bottom line

At a time when Canadian oil and gas producers have lagged behind their U.S. peers, it’s refreshing to see Canada’s leadership take a stand on their behalf, and Williams seems to think so, too.

“I don’t think in the last five years I’ve had a higher degree of confidence that these lines are going to be built,” he said. “So, I’m greatly encouraged.”

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