OUTRUNNING THE STORM

What's at Stake. Why Now. What We Gain.

A two-page executive brief on Canada's oil shock exposure and the programme to address it

THE THREAT

In March 2026, when Iran closed the Strait of Hormuz, Canadian commodities analyst warned that if it stayed closed, we could see prices of $150-$200 a barrel by summer – and that if they continued to rise higher – to $300 a barrel and higher, it would create a global financial crisis. At the beginning of June, executives from Exxon and Chevron predicted that oil will be at $150/bbl in July.

While the Bank of Canada and other analysts have predicted that the net benefit for Canada from high oil prices will be positive, those projections are based on economic models that do not model energy, debt or supply chain shocks.

The full document of *Outrunning the Storm* explores scenarios at $90/bbl, $150/bbl and $200/bbl, and all are disruptive and destructive. The same failures will eventually occur under $90/bbl: including serious failures in food systems and agriculture, health care and pharmaceuticals, for rural and remote communities, and for transportation systems – for business and households alike. Financial shocks from auto loans, gas prices undermining auto sales and manufacturing. Every Canadian will be affected.

What *Outrunning the Storm* recommends – and explains – is a whole-of-government coordinated response, with wartime-levels of investment in order to shield Canadians from the worst of the crisis, while making the investments in infrastructure and that will permanently harden our economy against such shocks in the future. Every one of the recommendations delivers a return on investment, but Canadian leaders must recognize the crisis and begin marshalling a response.

A disruption to the Strait of Hormuz — through which approximately 25% of the world's seaborne oil passes every day — could push oil to $90–$200 per barrel within weeks. This is not a fringe scenario. It sits within the range that energy analysts, military planners, and supply-chain economists regard as credible and recurring.

Oil price shocks arrive as cascades:

- Fuel prices rise first — at the pump, in the field, on the highway
- Then fertiliser, because nitrogen is synthesised from natural gas
- Then food — agriculture is petroleum from seed to shelf
- Then healthcare — medical supply chains run on petrochemical plastics, diesel refrigeration, jet fuel for air ambulances
- Then municipal budgets — roads are made of bitumen, transit fleets run on diesel

The cascade does not stop until it has reached every corner of the economy.

Why Canada Is Exposed Now

- Decades of just-in-time optimisation have removed every buffer: storage reserves thin, supply diversification treated as unnecessary, alternatives developed too slowly
- **The margin for error in agriculture, healthcare, and remote community energy is near zero**
- 3.1 million mortgages renew by end of 2027; 85% of 2025 insolvency filers were employed — a fuel shock doesn't need a recession to cause a debt crisis
- 1 million+ oil-heated homes in QC, ON, and Atlantic Canada have no alternative before the next heating season
- 280+ remote communities are 100% diesel-dependent with no fallback if barge or winter road season is missed

The $150/bbl scenario — sustained 12–24 months — is the document's working case.

At $150/bbl, the national cost of inaction is ~$20–35B per year.

WHY IT'S CRITICAL TO ACT NOW

The decisions that protect Canada at $200/bbl must be made at $90/bbl — because the lead times are governed by physical calendars, not political ones.

Deadline	Before May	Before June	Before September	Before October
If missed…	Yield losses from under-funded inputs cannot be recovered once crops are in the ground	**Barge season closes — 280+ remote communities have no affordable resupply for 12 months. No contingency exists.**	**Wet grain without propane reserve or electric dryers spoils. Harvest failure at $150/bbl propane is commercially catastrophic.**	Households face full winter on oil. Rural hospital staff housing cannot be built mid-winter.

What Cannot Be Undone

- Farms that exit do not return — agronomic knowledge and supply chain networks collapse with the operators
- Shortline railways that close do not reopen — 35% of Prairie branch-line elevator capacity at stake
- Remote communities that miss a barge season wait 12 months for the next affordable resupply
- Rural hospitals that lose staffing networks take years to rebuild
- **Pickering / Point Lepreau nuclear licences: 12–18 month CNSC review must be filed now — delay is permanent**
- Drug supply chains that break take 6–18 months to rebuild

Canada's Structural Advantages — If Used Now

- Quebec, Manitoba, and BC have near-100% hydro grids — every electrification option is more economical here than anywhere in gas-dependent Canada
- Saskatchewan produces 33% of world potash supply — leverage for domestic price priority exists, but only as a negotiated agreement before the shock
- New Flyer builds electric buses in Winnipeg; Alstom builds trains in Thunder Bay; Ballard makes hydrogen fuel cells in BC — the supply chain is domestic
- **Canada grows food for 185 million people (domestic + export) — it is food-sovereign if the system is protected**
- Hydro-Québec export revenue premium at $150/bbl gas: $200–400M at zero cost — requires only a Board directive

INACTION VS. ACTION: THE NUMBERS

$20–35B	$15–25B	18 mo.	90
annual cost of inaction at $150/bbl	total programme investment (Tier 1+2, 3–5 yrs)	programme payback at $150/bbl	zero-cost actions available today

	At $90/bbl	At $150/bbl	At $200/bbl
Cost of inaction	~$7–13B/yr nationally	**~$20–35B/yr nationally**	**~$50–90B/yr nationally**
What breaks without action	Costs rise; system strains but holds with administrative activation	**Farm exit wave begins; rural hospital vacancies spike; shortline railways close; drug shortages emerge; northern communities face heating emergencies**	**Food sovereignty at risk; 30–40% of generic drugs face supply constraints; rural hospital closures; forced displacement of northern communities**
Programme payback	Pays for itself in Year 1; hydro export windfall $300–600M nationally at zero capital	**Pays back within 18 months; heat pumps pay back in 4 years not 10; electric grain dryers in 2 years**	**Programme cost is a rounding error against inaction; $20–40B investment permanently eliminates $50–90B/yr exposure**
	At $90/bbl	**At $150/bbl**	**At $200/bbl**

Jobs created	80,000–150,000 job-years during deployment	150,000–270,000 job-years; 25,000–40,000 permanent net new positions	215,000–390,000 job-years; replaces fraction of jobs at risk from disruption
CO_2e reductions	8–15 Mt/yr at full deployment	15–28 Mt/yr (~2–4% of Canada's total annual emissions)	18–40 Mt/yr — up to one-third of oil & gas sector emissions

THE PROGRAMME: WHAT IT DOES

Three Tiers — Matched to Lead Time

TIER 0 — Zero cost. Do immediately.
Government building temperature setbacks. Farm fuel priority classification. Freight backhaul matching. CGC price transparency directives. ISC fuel budget re-authorisation. Hydro-Québec export maximisation. These require only a decision. No spending. No legislation. Their combined effect is material and immediate.

TIER 1 — Weeks to 6 months. Deploy with existing infrastructure.
FCC emergency farm credit. Bulk anhydrous ammonia pre-purchase. Propane reserves at elevators. Electric grain dryers. STARS/Ornge fuel guarantees. 180-day pharmaceutical stockpile. Remote community diesel pre-positioning. Emergency heat pump programme. Rural hospital staff housing. These pay for themselves at $150/bbl. They are not subsidies — they are purchases of assets.

TIER 2 — Structural. Permanent elimination of the exposure.
Green ammonia. Hydroelectric grid extensions. National passenger rail. Methane-to-materials (turquoise hydrogen + battery graphite from wasted methane). Prairie Biochar Network. Northern net-zero housing. These investments are necessary regardless of whether this specific shock arrives. Oil shocks recur. Each time one does, a jurisdiction that hasn't hardened pays the full price again.

What a Successful Programme Delivers

- Farm exit wave prevented; agronomic capital retained for the next generation
- Shortline railways preserved; grain corridors remain viable
- 280–300 remote northern communities permanently hardened against diesel price shocks
- 1 million+ oil-heated homes converted; winter heating no longer a financial crisis
- Drug supply secured 12–18 months ahead of any shortage materialising
- Rural hospital staffing stabilised through the shock window
- **Canada's food sovereignty protected for 185 million people (domestic + export)**
- 25,000–40,000 permanent net new jobs in clean energy, rail, agriculture technology, and care
- 18–40 Mt CO_2e/yr reduced — as a co-benefit of resilience, not an additional cost
- **Canada enters the next oil shock — and there will be a next one — as one of the world's most energy-resilient nations**

Over-preparation costs money that would not have been needed if oil stabilises at $90. Under-preparation costs lives if oil reaches $200. There is no scenario in which the stockpile was a mistake.

The recommendations in this plan are not a prediction that the worst will happen. They are a recognition that the worst is preventable — but only if the decisions are made now, before the market prices in what is coming.