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# Let's Repeal Quebec's Ban on Hydrocarbon Extraction

By Gabriel Giguère

It is no secret that Quebec is sitting on top of significant hydrocarbon reserves. However, the hostile political climate of the past 15 years has resulted in a complete ban on hydrocarbon exploration and production in the province.<sup>1</sup> Despite the fact that households, businesses, and the broader Quebec economy all rely heavily on hydrocarbons, the province's Coalition Avenir Québec government has banned their extraction. Given that international demand is strong – and projected to remain strong over the coming decades – and that local consumption is high as well, the Quebec government should repeal the law banning hydrocarbon exploration and production within its territory.<sup>2</sup>

## HYDROCARBONS IN HIGH DEMAND AT HOME AND ABROAD

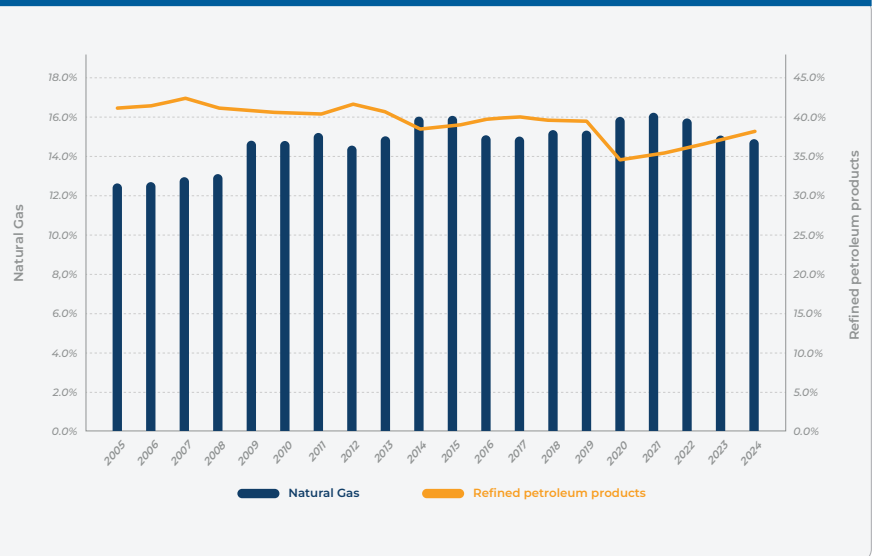
Quebec relies extensively on oil and gas. In 2024, these resources accounted for more than half of the energy consumed in the province. That this has been true for at least thirty years underscores the importance of this energy source to Quebec's economy.<sup>3</sup>

Following 2020's pandemic-driven drop in oil consumption, demand in Quebec has risen in every subsequent year. Over the past twenty years, the province's share of oil consumption as a proportion of total energy used has remained steady, hovering around 40%, apart from during the pandemic (see Figure 1). The use of natural gas has also remained consistent over the past two decades, accounting for nearly 15% of total energy consumption.<sup>4</sup>

On top of this domestic demand, international demand is also expected to remain high over the coming decades. Indeed, under the current policy scenario, the respective global demands for oil and natural gas are projected to see increases above 12.8% and 31.5%, respectively, between 2024 and 2050.<sup>5</sup> This suggests that global appetites will remain sufficient to support Quebec's potential suppliers in the future.

FIGURE 1

### Share of natural gas and refined petroleum products in total energy consumption in Quebec from 2005 to 2024 (as a percentage)



Source: Author's calculation. Statistics Canada, Table: 25-10-0029-01 - Supply and demand of primary and secondary energy in terajoules, annual, November 13, 2025.

## PRODUCING INSTEAD OF IMPORTING

Despite the sustained demand for hydrocarbons in both domestic and international markets, no actual development of Quebec's oil and gas is currently underway.<sup>6</sup> As a result, all of the energy consumed to meet domestic demand relies on imports from either Western Canada or the United States.<sup>7</sup> This situation highlights a fundamental contradiction: the Coalition Avenir Québec government, among others, has chosen to forbid companies from serving a high regional demand by producing the resource locally.

Based on specific estimates of recoverable natural gas reserves and 2024 consumption levels, it should be possible to meet Quebec's internal demand for between 37 and 207 years.<sup>8</sup> Thus, not only is the province capable of meeting all or part of its own needs, but there also exists an

opportunity to export this resource amid strong global demand.

The development of hydrocarbon resources represents a major economic opportunity, with estimated benefits of up to 233,000 person-years of employment and an increase in GDP estimated of \$93 billion in total over 25 years, for natural gas only.<sup>9</sup> Over this 25-year period, natural gas development would also generate nearly \$15 billion in additional tax revenues for the Quebec government.<sup>10</sup>

This sector is also notable for paying wages significantly above the mean: in 2025, extraction workers earned an average annual income of \$155,067, 2.3 times the average Canadian income and 2.4 times that of Quebec.<sup>11</sup> These wage levels offer attractive prospects for Quebec families, who could benefit from the sector's dynamism. This wage performance is due in large part to very high productivity (greater value-added), something that translates directly into better remuneration for workers.<sup>12</sup>

## RETHINKING QUEBEC'S APPROACH TO ENERGY

Quebec needs a major shift in its energy policy. Enabling hydrocarbon exploration and production in Quebec will require legislative and regulatory changes, starting with repealing the *Act Ending Exploration for Petroleum and Underground Reservoirs and Production of Petroleum and Brine*. This law explicitly prohibits all activity in this sector, including by revoking previously issued exploration and development licenses.<sup>13</sup> The constitutionality of the law is in question, and it is currently being challenged in court by oil and gas companies with a hearing on the merits of the case scheduled to take place soon.<sup>14</sup>

In addition to overcoming this legal hurdle, the Quebec government will have to reestablish a clear and predictable legal framework if it hopes to attract capital investment in the sector. This is particularly important given that many of the companies operating in the industry prior to the April 2022 law are claiming to be victims of a "disguised expropriation."<sup>15</sup> Such regulatory uncertainty risks undermining investor confidence in the energy sector over the long term.

Reforms would allow Quebec to regain investor confidence and reestablish itself as a credible jurisdiction in the energy sector. Given the current global geopolitical instability, it is in Quebec's best interest to position itself

as a stable jurisdiction and a reliable supplier of natural resources on international markets.

Maintaining the current ban means continuing to eschew a source of revenue even while remaining dependent on its source. Given the severity of Quebec's budget deficit – projected at \$8.6 billion for fiscal year 2026-2027<sup>16</sup> – the government can no longer afford to delay removal of the current ban.

## REFERENCES

1. Legis Québec, *Act Ending Exploration for Petroleum and Underground Reservoirs and Production of Petroleum and Brine*, adopted in April 2022; Gabriel Giguère and Miguel Ouellette, "Hydrocarbons in Quebec: An Ill-Advised Ban," Economic note, MEI, pp. 2-3; Martin Croteau, "Le 'moratoire' sur l'exploration pétrolière et gazière restera en vigueur," *La Presse*, October 18, 2017.
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3. *Idem*.
4. Author's calculation. Statistics Canada, Table: 25-10-0029-01 – Supply and demand of primary and secondary energy in terajoules, annual, November 13, 2025.
5. International Energy Agency, *op. cit.*, endnote 2, pp. 433 and 435.
6. It should also be noted that a number of Enbridge's customers use natural gas. There is refinement of petroleum products in Quebec. Canada Energy Regulator, Quebec Energy Profile – Oil and Gas, consulted April 10, 2025.
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16. Quebec Ministry of Finance, *Budget 2026-2027 – Budget Plan*, March 18, 2026, p. A.11.



This Viewpoint was prepared by **Gabriel Giguère**, Senior Policy Analyst at the MEI. The MEI's Energy Series aims to examine the economic impact of the development of various energy sources and to challenge the myths and unrealistic proposals related to this important field of activity.

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910 Peel Street, Suite 600, Montreal QC H3C 2H8 - T 514.273.0969  
150 9<sup>th</sup> Avenue SW, Suite 2010, Calgary AB T2P 3H9  
170 Laurier Avenue W, Suite 716, Ottawa ON K1P 5V5