

“BIG OIL” IS MAINLY “SMALL OIL”**IN CANADA 2022 UPDATED EDITION****OIL AND GAS FIRM COMPARISONS BY SIZE AND COUNTRY****“Big oil” is mainly “small oil and gas”**

There is a general notion that only big companies benefit from development of Canada’s oil and gas sector. But while economies of scale can be of central importance for large oil and gas projects, for producers and suppliers there are advantages to any firm at any size (small and nimble versus large and integrated, for example). In fact, as this Fact Sheet demonstrates, the vast majority of Canada’s oil and gas firms are small businesses. When Canada’s oil and gas sector is healthy, the small businesses therein are de facto able to flourish.

This Fact Sheet profiles oil and gas companies by size (small, medium, large) based on employee counts; it then compares the share of small business by industry; and then by country (Canada and the U.S. and then Norway and the European Union).

Two different types of oil and gas firms are profiled, given available data by jurisdiction.

- The in-Canada oil and gas comparison to other sectors includes oil and gas extraction; support activities for oil and gas extraction; mining and oil and gas field machinery manufacturing; pipeline transportation of crude oil; pipeline transportation of natural gas; and pipeline transportation of refined petroleum products.
- Canadian oil and gas compared to oil and gas sectors in the U.S. and Europe are drawn from a smaller subset of oil and gas activity which allows for international comparisons.

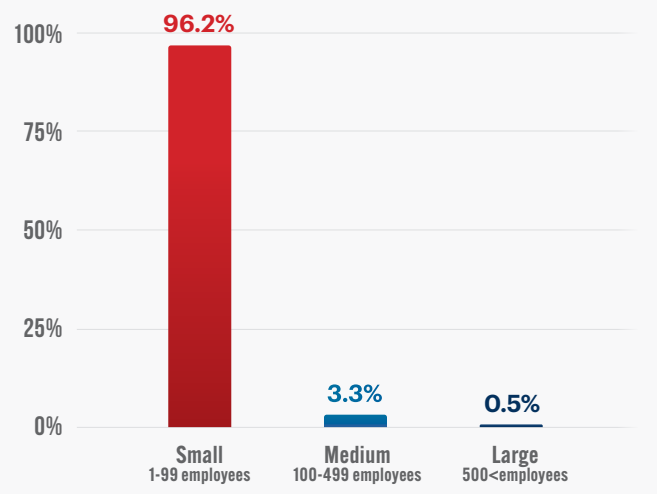
Oil and gas comparisons by firm size

For the purposes of our analysis, small businesses are [defined by Statistics Canada](#) as those with between 1 and 99 paid employees. Medium-size enterprises are those with 100 to 499 employees while large enterprises have 500 or more employees. As of 2021, for oil and gas firms in Canada:

- 96.2% are small. i.e., companies with between one and 99 employees;
- 3.3% are medium-size companies, with between 100 and 499 employees; and
- 0.5% are large companies with 500 or more employees (see Figure 1).

Figure 1**Canadian oil and gas firms* by size**

(As a proportion of all firms) 2021



*Includes oil and gas extraction; support activities for oil and gas extraction; pipeline transportation of crude oil; and pipeline transportation of natural gas.

Source: Author's calculations based on Statistics Canada Table 33-10-0493-01.

Industry comparisons in Canada

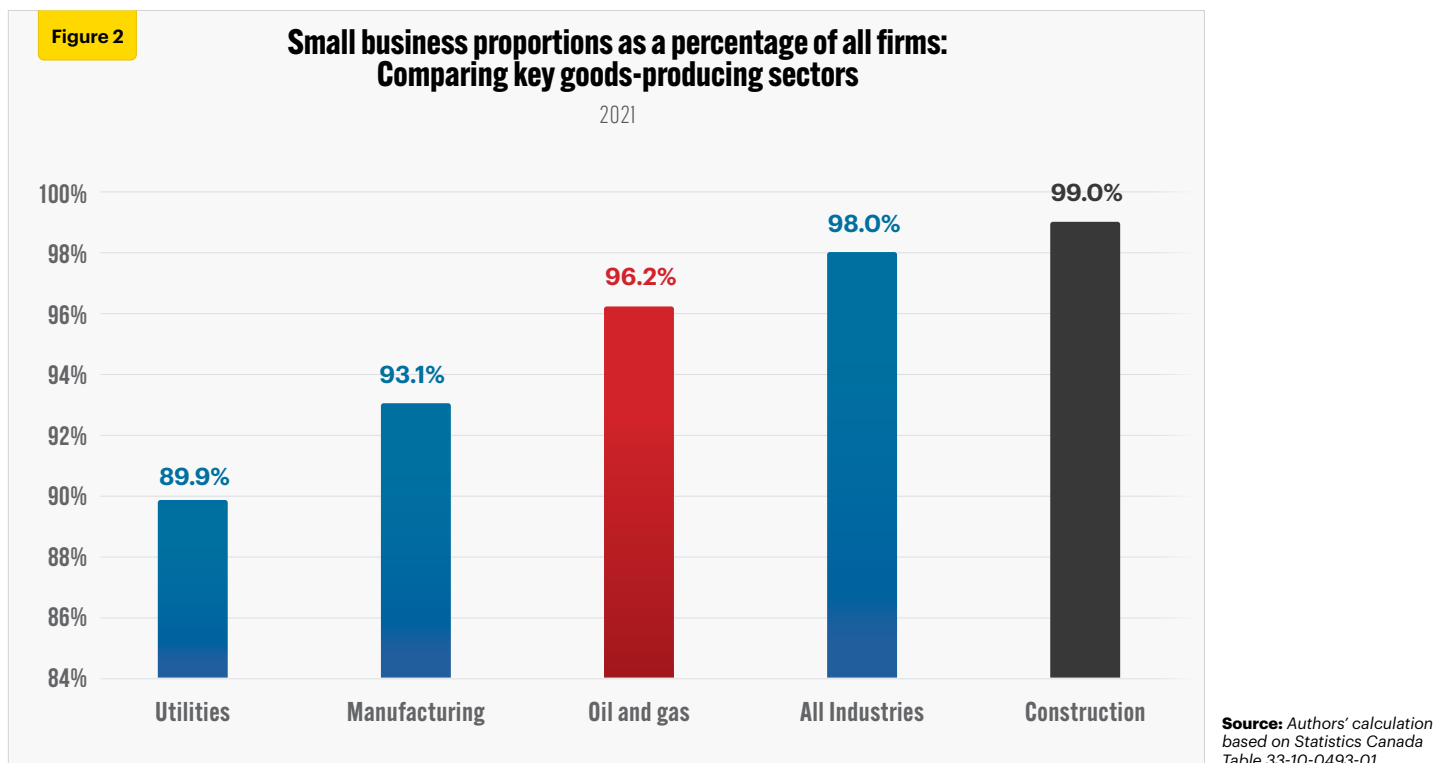
In Canada, the energy sector has a higher proportion of small businesses than other major industries, with the exception of construction (see Figure 2). As of 2021, 96.2% of all energy firms have employee counts between 1 and 99 compared with 93.1% in manufacturing, 89.9% in utilities, and 99% in the construction sector. The all-industry average is 98%.¹

Canada-U.S. comparisons on oil and gas sector company size by employee count

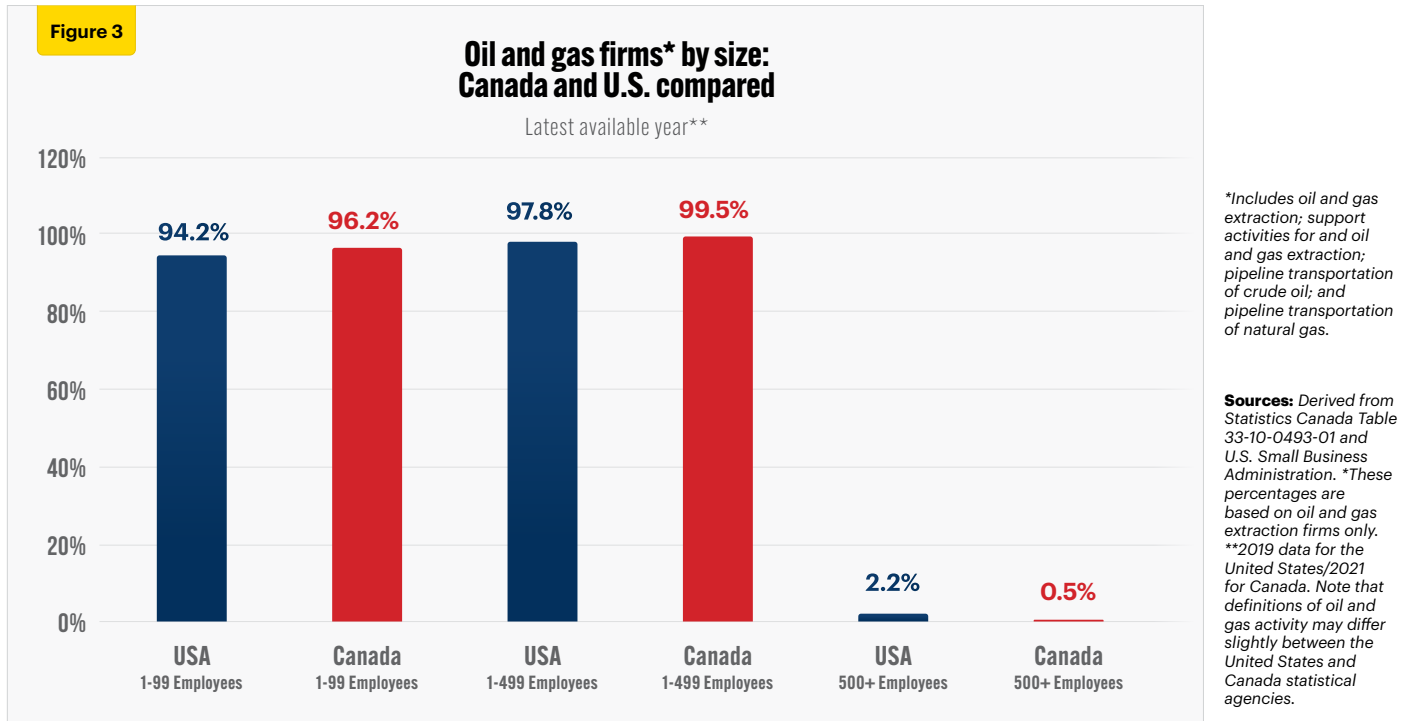
Canada and the United States define small businesses differently, with an employee count of 1-99 in Canada and 1-499 employees in the United States.

For a more standardized comparison between the two countries, Figure 3 shows both the 1-99 employee comparison and the 1-499 comparison. Using Canadian definitions of firm size:

- Small business comparisons: 94.2% of all oil and gas firms in the United States have employee counts between 1 and 99 employees compared with 96.2% in Canada.
- Small and medium-size business comparisons Adding in medium-size employee counts (defined in Canada as 100 to 499 employees), we find that 97.8% of all oil and gas firms in the United States have employee counts between 1 and 499 employees (i.e., are small and medium size using Canadian definitions) compared with 99.5% in Canada.
- "Big oil and gas": Corporations with 500-plus employees in the United States thus represent 2.2% of all oil and gas firms while in Canada the figure for "big oil and gas" is just 0.5% of all firms (see Figure 3).



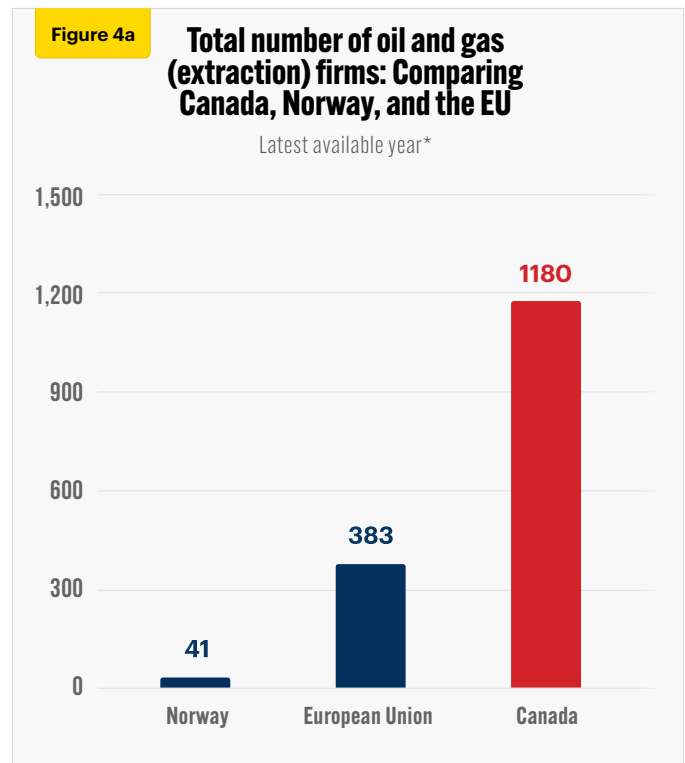
¹ The 98% average for all industries is high in large measure because of the sheer size of the construction sector. In 2021, there were 148,840 firms in that sector compared with 50,596 in manufacturing, 6,833 in oil and gas, and 1,422 in utilities.



Canada-Europe comparisons: Total firms involved in oil and gas

The final set of comparisons contrast Canada with Norway (another major oil producer) and the European Union (of which Norway is not a member). The first comparison (Figure 4a) makes obvious the importance of the oil and gas sector to Canada given the sheer number of oil and gas firms.²

- Far and away, Canada has the largest number of oil and gas extraction firms — small, medium, and large — at 1,180 in total.
- In contrast, Norway has just 41 oil and gas extraction firms and the European Union has just 383 firms in total involved in oil and natural gas activity.³



*2021 for Canada and most recent year (2018) for other jurisdictions.

Source: Eurostat and Statistics Canada.

² Canada-Europe comparisons are drawn from a smaller subset of oil and gas activity—oil and gas extraction only—which allows for international comparisons.

³ Large firms dominate Norway's oil and gas sector given all of its oil and gas results from offshore drilling, which is complicated and expensive.

Canada compared with Europe and Norway on smaller companies

Unlike Canada-U.S. comparisons, data limitations do not allow for exact 1-99 or 1-499 employee count comparisons on firm sizes between Canada and Norway and the European Union. However, we can compare Canada (1-199 employees, i.e., below 200) with Norway and Europe (1-249 employees, i.e., below 250). Figure 4b breaks down the proportion of oil and gas extraction firms by size for each jurisdiction.

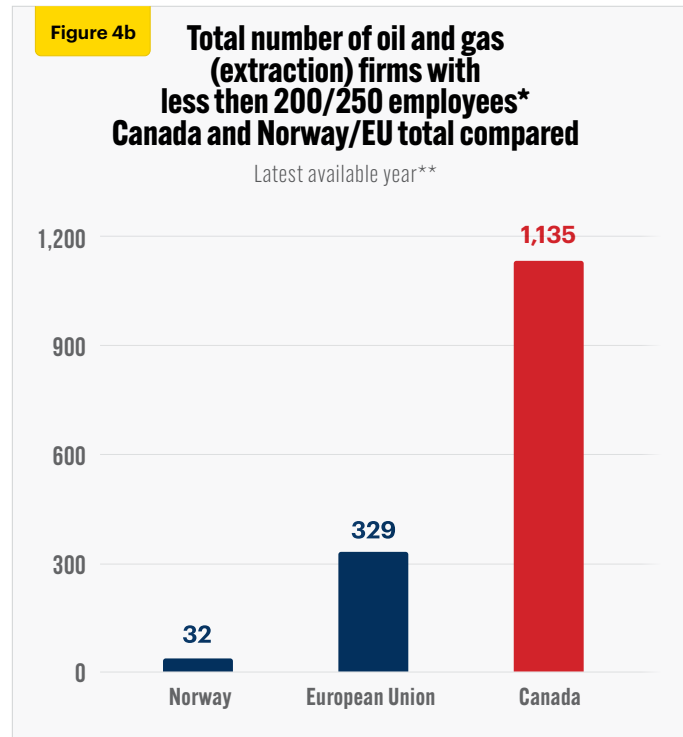
- Norway has just 32 oil and gas extraction firms with fewer than 250 employees;
- The European Union has 329 firms that employ fewer than 250 employees; and
- Canada has 1,135 oil and gas extraction firms with fewer than 200 employees. In other words, even with a more limited comparison available for Canada, the absolute number of oil and gas companies with smaller workforces is about three times that of Norway and the European Union combined (1,135 firms versus 361 oil and gas enterprises in Norway and the EU together).

"Big oil" is a more accurate description in Europe, not Canada

This slightly modified comparison shows that smaller businesses constitute just 78% of all oil and gas extraction firms in Norway, 85.9% of all firms in the European Union, and 96.2% of all and gas extraction firms in Canada. Canada's oil and gas extraction sector is thus overwhelmingly composed of small and medium-size businesses relative to Norway and the European Union (see Figure 4c).

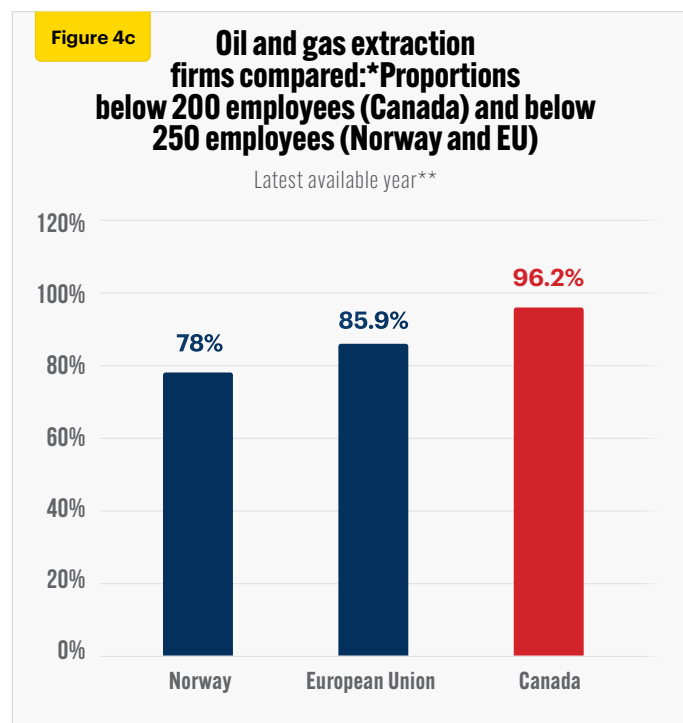
Conclusion

Most oil and gas firms in Canada are small or medium-size businesses whether measured domestically and compared with other sectors, or in comparison to the United States, Norway and in the European Union.



*Data increments available for firms with 1 to 199 employees in Canada and 1-249 employees in Norway and the European Union. These percentages are based on oil and gas extraction firms only. **2021 for Canada, 2018 for the European Union and Norway.

Source: Eurostat and Statistics Canada.



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Source: Eurostat and Statistics Canada.

Notes

This CEC Fact Sheet was compiled by Ven Venkatachalam and Lennie Kaplan at the Canadian Energy Centre: www.canadianenergycentre.ca. The authors and the Canadian Energy Centre would like to thank and acknowledge the assistance of Philip Cross and an anonymous reviewer for reviewing the data and research for this Fact Sheet. Image credits: Government of Alberta

References (All links live as of March 22, 2022)

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