

21 December 2020

Honourable Mary Ng, MP  
Minister of Small Business, Export Promotion and International Trade

cc:

Mairead Lavery, President and CEO of EDC  
Chrystia Freeland, Minister of Finance and Deputy Prime Minister  
Jonathan Wilkinson, Minister of Environment and Climate Change

Dear Minister Ng,

In a time of climate crisis, Crown corporation Export Development Canada is providing oil and gas companies with an average of over CAD 13 billion in support each year.<sup>1</sup> As a result, Canada ranks second highest among G20 countries in total public financing for fossil fuels, and highest on a per-capita basis. From 2016 to 2019, EDC provided over seven times more support for oil and gas than for “cleantech.”<sup>2</sup> **As EDC works to revise its climate target, we want to be clear that its ongoing support for oil and gas and lack of support for a just transition to a zero-emissions economy are major obstacles to Canada doing its fair share under the Paris Agreement.**

Furthermore, EDC has supported oil and gas projects that violate human rights, including the right of Indigenous communities to free, prior and informed consent. For instance, in April 2020 EDC approved a loan of up to \$500 million for the Coastal GasLink Pipeline in British Columbia,<sup>3</sup> a project opposed by hereditary leaders from all five clans of the Wet’suwet’en Nation. Such projects carry systemic financial risks, and leave workers and communities exposed to fallout from an unmanaged decline of the oil and gas sector.<sup>4</sup>

As the world prepares for economic recovery in the wake of the COVID-19 crisis, it is imperative that public financial institutions act decisively to align their operations with the Paris Agreement. Yet while leaders like the World Bank Group, the European Investment Bank and the Swedish export credit agency have taken steps to shift capital away from fossil fuels, EDC is sinking vast sums of financial support into oil and gas, positioning Canada as a climate laggard. It is time for the Government of Canada to step in.

**As 53 organizations representing over 2.0 million people, we call on the Government of Canada to immediately order EDC to align its business with Canada’s climate commitments.** This means ensuring that EDC ends all support for fossil fuels, rapidly scales up its support for the green economy and renewable energy projects that respect human rights, and reports on financing levels and portfolio emissions in a timely and transparent manner.

---

<sup>1</sup> Based on a 2016-2019 average, with newly available 2019 data added to original calculation from: Bronwen Tucker and Kate DeAngelis (Oil Change International and Friends of the Earth US), [Still Digging: G20 Governments Continue to Finance the Climate Crisis](#), May 2020 at p 20.

<sup>2</sup> Ibid; EDC, [“Cleantech at EDC.”](#)

<sup>3</sup> EDC, [“Signed Category A projects after Nov. 1, 2010.”](#)

<sup>4</sup> See Steven Felt and Carroll Muffett (Center for International Environmental Law), [Pandemic Crisis, Systemic Decline](#), April 2020.

## Background

EDC released its first climate change policy in 2019. The policy does not commit EDC to phasing out its support for the oil and gas sector or reducing the emissions associated with its overall portfolio. Instead, the agency has made the modest pledge that by 2023 it will reduce by 15% the total value it loans to the six most carbon-intensive sectors in its lending portfolio, one of which is upstream oil and gas. The target is based on a 2018 baseline of \$22.2 billion. If met, it would slightly decrease the total figure to \$18.9 billion. None of the reduction would necessarily come from oil and gas, and the policy leaves EDC free to maintain or increase its support to midstream and downstream oil and gas development. The policy also commits EDC to integrating climate related risks into its risk assessment processes, but does not give any sense of what weight they will be given in EDC's decision-making.<sup>5</sup>

With this extremely weak target and inadequate coverage, EDC risks remaining the worst performer on fossil fuel finance across all official export credit agencies in the G20.<sup>6</sup>

During recent consultations with civil society, EDC announced that it is in the process of revising its climate target. Nonetheless, the agency also confirmed its intention to continue supporting carbon-intensive sectors.

## Our call for reform

Recognizing that emissions from fossil fuels already in production would push the world far beyond the 1.5°C limit for global warming, the undersigned organizations call on the Government of Canada to ensure that EDC:

- **Uphold Indigenous rights**, including by ensuring that its clients are aligned with the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and the associated principle of free, prior and informed consent.
- Build on EDC's exclusion on coal finance and **immediately end all financial support for fossil fuel industries** at the project and company level, in Canada and abroad.
- Rapidly **scale up support for sustainable, renewable and equitable climate solutions that respect human rights**, including but not limited to renewable energy, energy efficiency, batteries and storage, interconnectors, smart-grid technologies, the electrification of heat and transport and accessible public transit.
- **Adopt a portfolio-wide emissions cap in line with a credible 1.5°C pathway**. This must include Scope 1, 2 and 3 emissions.
- **Report in a timely and transparent manner** on all transactions, disclosing the type and exact amount of each, as well as the sector and full life-cycle emissions of the activities supported by EDC. This should include a clear indication of which projects are classified as 'cleantech' and why.
- **Uphold the six Principles for a Just Recovery** in all of its business. This framework seeks to eliminate economic, gender, racial and social inequalities and guide us to a society that prioritizes resilience and wellbeing for all.

---

<sup>5</sup> Environmental Defence Canada, Oil Change International and Above Ground, [Export Development Canada's Role in Bailing Out the Oil and Gas Sector](#), July 2020 at p 4.

<sup>6</sup> Alex Doukas (Oil Change International), "[Export Development Canada's New Climate Targets Miss the Mark](#)," 9 June 2020.

This decade must be a turning point, the moment when the world bends the curve, averts impending climate and biodiversity disasters and opts instead to embark on the fastest economic transformation in our history. Financial institutions must align their operations with the objectives of the Paris Agreement and shift capital away from high-carbon investments, with public actors like EDC leading the way.

Sincerely,

Above Ground  
Environmental Defence  
Oil Change International  
Oxfam Canada  
Équiterre  
Climate Action Network - Réseau action climat Canada  
Greenpeace Canada  
350.org  
Leadnow  
David Suzuki Foundation  
Council of Canadians  
Amnesty International Canada  
Amnistie internationale Canada  
Association québécoise des organismes de coopération internationale (AQOCI)  
Canadian Centre for Policy Alternatives  
Canadian Environmental Law Association  
Canadian Association of Nurses for the Environment (CANE)  
Shift: Action for Pension Wealth & Planet Health  
Alliance for Empowering Rural Communities  
Clean Air Partnership  
VedvarendeEnergi  
Wildsight  
Foundation for Resilient Health  
BC Climate Alliance  
Dogwood  
The Climate Reality Project Canada / Le Projet de la réalité climatique Canada  
Citizens for Public Justice  
West Kootenay EcoSociety  
RAVEN (Respecting Aboriginal Values and Environmental Needs)  
Georgia Strait Alliance  
Friends of the Earth Canada  
Sustainabiliteens  
ClimateFast  
Environnement Vert Plus  
Green 13  
GASP (Grand(m)others Act to Save the Planet  
Regroupement Vigilance Hydrocarbures Québec (RVHQ)

Canadian Voice of Women for Peace  
Green Majority Radio  
Just Earth  
Global Peace Alliance BC Society  
Action Environnement Basses-Laurentides (AEBL)  
Creating Healthy and Sustainable Environments (CHASE)  
Vegans & Vegetarians of Alberta  
Canadian Engaged Buddhism Association  
SFOC(Solutions for Our Climate)  
Projet Accompagnement Québec-Guatemala  
Coalition climat Montréal  
GegenStroemung - CounterCurrent  
Friends of the Earth United States  
Friends of the Earth Japan  
Jubilee Australia Research Centre  
Both ENDS