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August 22, 2022

To: Mary Ng,
Minister of International Trade, Export Promotion, Small Business and Economic Development

cc: Steven Guilbeault, Minister of Environment and Climate Change
Jonathan Wilkinson, Minister of Natural Resources
Chrystia Freeland, Deputy Prime Minister and Minister of Finance

Re: Placing climate justice at the heart of the Statement of Priorities and Accountabilities for EDC

Dear Minister Ng,

The window of opportunity to make a 1.5°C future possible is rapidly closing. The Intergovernmental Panel on Climate Change (IPCC) warns that without drastic, immediate cuts in fossil fuel use, accelerated climate breakdown will expose millions, if not billions, more people to food and water shortages, disease, deadly heat stress, increasing droughts and other life-threatening disasters.¹

As the world's third largest oil exporter, Canada must address its contribution to this crisis. Emissions from Canada's fossil fuel exports surged by over 46% between 2012 and 2019, reaching 954 megatonnes in 2019² – more than our total domestic emissions that year.³ These exported emissions are facilitated in part by the billions in support provided to fossil fuel companies by Export Development Canada (EDC) at a time when it should be urgently aligning its business with Canada's climate commitments.

As you prepare this year's Statement of Priorities and Accountabilities for EDC, we urge you to place the highest priority on making this Crown corporation accountable for its human rights impacts, particularly those linked to the ever-accelerating global climate emergency.

EDC must stop fuelling the climate crisis

The government has [pledged](#) to “develop a plan to phase out public financing of the fossil fuel sector, including by federal Crown corporations.” EDC does not appear to be taking this into account in its

planning. In its updated climate policy, it emphasizes that its latest targets do not imply “an end to EDC support for Canadian oil and gas producers.”⁴ Instead, it has committed to a mere 15% reduction in “loan-weighted production volume,” which it plans to achieve by “providing a relatively higher share of loans for companies that are transitioning away from oil and gas production, and a lower share toward those increasing or maintaining current production levels.”⁵

This means the agency could continue providing billions in financing to support fossil fuel production and expansion through 2030.⁶ It could even increase its total support for the oil and gas industry, as it has no target to reduce its support for pipeline or refinery projects, or the non-financing support (e.g., insurance) that it provides to the industry.

EDC’s steadfast support for fossil fuels runs counter to the increasingly urgent calls from international bodies aimed at salvaging efforts to limit global warming to 1.5°C. The International Energy Agency called last year for an end to all new fossil fuel supply projects and for a “major contraction of oil and natural gas production.”⁷ The UN Environment Programme says oil and gas production “must start declining immediately and steeply” to align with a 1.5°C trajectory, and warns that oil-producing countries currently plan to produce 57% more oil and 71% more gas in 2030 than is consistent with this goal.⁸ Peer-reviewed research published in *Nature* echoes this message and adds that 83% of Canada’s oil reserves must remain unexploited if the world is to have a 50% chance of meeting the 1.5°C target.⁹

EDC still has no strategy to align the entirety of its portfolio with a credible 1.5°C pathway, or to account for the emissions that are generated when the fuel that its clients produce is burned. EDC’s ongoing support for the sector could thus help perpetuate the trend that’s seen the emissions from Canada’s fossil fuel exports soar – and that’s seen Canada repeatedly singled out on the world stage as one of the largest providers of public finance for fossil fuels.¹⁰

EDC must become a part of the solution

EDC’s robust support for the sector most responsible for the climate crisis stands in contrast to its minimal support for proven and cost-effective climate solutions such as energy efficiency and renewable energy technologies. The IPCC and IEA have said that meeting the 1.5°C target requires a massive scale-up in support for these solutions this decade. The IEA estimates that investments in renewable energy and energy efficiency need to more than triple by 2030,¹¹ while a study by the International Institute for Sustainable Development estimates the yearly investment gap for wind and solar at 450 billion USD.¹²

From 2018 to 2020, EDC provided an annual average of 620 million CAD to the renewable energy sector – 22 times less than its support for fossil fuels, which averaged 13.6 billion CAD a year.¹³ In your [2021 Statement of Priorities and Accountabilities](#) for EDC, you requested that the agency demonstrate its commitment to “rapidly scale up support for sustainable, renewable and equitable climate change solutions, including, but not limited to: renewable energy, energy efficiency, batteries and storage, interconnectors, smart-grid technologies, the electrification of heat, and clean public transportation.” Yet EDC still has no targets for increasing its support for these solutions. Its updated climate policy includes only a modest target to boost its support for what it calls “cleantech” – a broad category that includes “any process, product or service that reduces environmental impacts.”

It is unclear what portion of EDC’s cleantech support is provided for highly contentious technologies such as carbon capture, utilization and storage (CCUS) for oil and gas and blue (fossil-based) hydrogen,¹⁴ both of which are classified by EDC as “cleantech.”¹⁵ Scientists heavily criticize both of these

technologies, pointing out they would do little to reduce overall emissions under even the best-case scenarios and would delay the transition away from fossil fuels.¹⁶ Both the IPCC and IEA – as well as officials within the federal environment and natural resources departments¹⁷ – have also warned of large uncertainties regarding the technical and economic feasibility of CCUS.¹⁸

The government must step in

Recognizing the urgency of the climate crisis and the ongoing failure of EDC to adequately align its policies with Canada’s climate commitments, we ask that you emphasize in your next Statement of Priorities and Accountabilities for EDC that the agency must:

- Immediately end all support for fossil fuel development of any kind, both at the project and company level, in Canada and abroad. All definitions and policies must exclude loopholes that would allow continued support for false climate solutions such as natural gas, CCUS and blue (fossil-based) hydrogen.
- Adopt a portfolio-wide emissions cap in line with a credible 1.5°C pathway. The calculation of EDC’s portfolio emissions must include the scope 1, 2 and 3 emissions of the business it supports.
- Rapidly scale up support for sustainable, renewable and equitable climate solutions that accelerate the transition away from fossil fuels and reduce overall energy consumption.
- In these and all other business areas, uphold human and Indigenous rights, including by ensuring that all of its clients operate in accordance with the United Nations Declaration on the Rights of Indigenous Peoples and its principle of free, prior and informed consent, as well as with the United Nations Guiding Principles on Business and Human Rights.
- Publicly 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 lifecycle emissions of the activities supported by EDC. This should include a clear indication of which projects and companies are classified as “cleantech,” and on what basis.

We look forward to your response.

Cordially,

A handwritten signature in black ink that reads "K. Hamilton". The signature is written in a cursive, slightly stylized font.

Karen Hamilton, Director
Above Ground

Sources

- ¹ IPCC [Sixth Assessment Report Working Group 2 Summary for Policymakers](#), February 2021, esp. sections B.2 and B.4.3 to B.4.5; see also [The Guardian](#), February 2021.
- ² Data [reported](#) by Environment Canada to Ecojustice in May 2021.
- ³ [The National Observer](#), July 2021.
- ⁴ Export Development Canada, [EDC Net Zero 2050: 2022 Update](#), July 2022, p. 7.
- ⁵ EDC, [EDC Net Zero 2050: 2022 Update](#), July 2022, p. 16.
- ⁶ In a meeting with Above Ground and other environmental organizations held on August 8, 2022, the head of EDC's environmental, social and governance policy, Sarah Fulton, stated that the agency could maintain the absolute loan volumes currently provided to the upstream fossil fuel sector through 2030 and still meet its new target, provided that the "loan-weighted production volume" metric is met.
- ⁷ International Energy Agency, [Net Zero by 2050](#) (full report), p. 160.
- ⁸ See the UN Environment Programme's October 2021 [press release](#) for the 2021 Production Gap Report.
- ⁹ D. Welsby et al., "[Unextractable fossil fuels in a 1.5 °C world](#)," *Nature*, September 2021.
- ¹⁰ See two reports by Oil Change International and Friends of the Earth U.S. covering the periods from [2018 to 2020](#) (published in October 2021) and [2016 to 2018](#) (published in May 2020).
- ¹¹ IEA, Net-Zero by 2050, [Summary for Policy Makers](#), p. 13.
- ¹² International Institute for Sustainable Development, [Lighting the Path: What IPCC energy pathways tell us about Paris-aligned policies and investments](#), June 2022, p. iv.
- ¹³ Data provided to Above Ground by Oil Change International, based on a tally of EDC's reported transactions.
- ¹⁴ Despite numerous requests by civil society and [requests in April](#) by two members of the parliamentary committee on environment and sustainable development (ENVI), EDC has yet to publish a list of transactions it includes within this category.
- ¹⁵ See Perspectives Climate Research's 2022 [report](#) on EDC's alignment with the Paris Agreement, p. 16.
- ¹⁶ See, for instance, this [letter](#) on CCUS sent to Minister Chrystia Freeland by over 400 Canadian climate scientists and academics in January, and articles published in the journal *Nature* regarding blue hydrogen in [2021](#) and [2022](#).
- ¹⁷ [Globe and Mail](#), June 2022.
- ¹⁸ IPCC, [Special Report: Global Warming of 1.5°C](#), Ch. 2, pp. 96, 136; IEA, [Net-Zero by 2050](#) (full report), p. 97.