

# Canada's fossil fuel finance is incompatible with its climate commitments

Between 2018 and 2020, Canada provided more public finance for fossil fuels **than any other country in the G20**. Nearly all of this financing came from Export Development Canada (EDC), which provided on average **\$13.6 billion** a year in support to oil and gas companies in Canada and abroad.

This financing runs counter to Canada's climate commitments. The International Energy Agency says that limiting global warming to 1.5°C requires that there be **no development** of new oil and gas fields, while a 2021 study in the journal *Nature* found that global oil and gas **production must immediately start declining** for the world to stay within this critical threshold. The UN's latest Production Gap report warns that countries currently plan to produce **more than twice the fossil fuels** in 2030 than would be consistent with this goal.

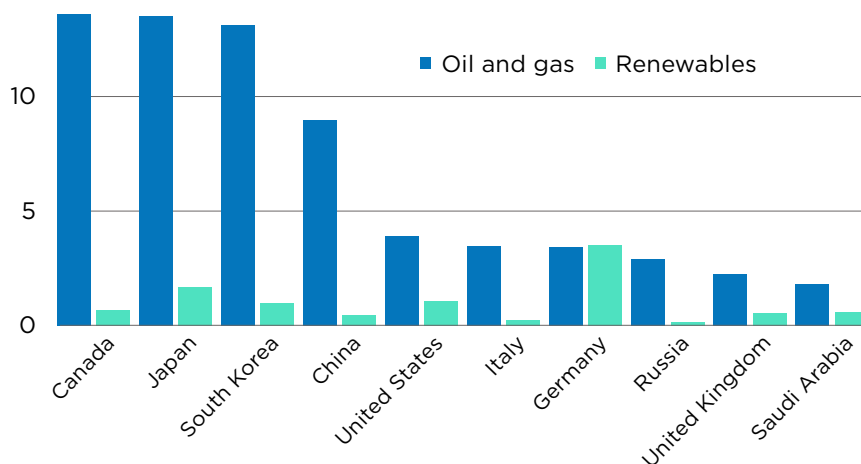
## Ottawa must end all support for fossil fuels, with no loopholes for gas or carbon capture

Over **100 civil society organizations** have called on Ottawa to end "all financial support for fossil fuels and the technologies aimed at extending the use of fossil fuels, in Canada or abroad."

This means ending all support for oil and gas production and infrastructure, including for companies that pledge to capture their emissions.

Over **400 Canadian climate scientists and academics** warn that carbon capture is "neither economically sound nor proven at scale" and is being used to boost oil production, which has resulted in increased emissions when that oil is burned. Carbon capture does not address these downstream emissions, which constitute 80 percent of oil and gas emissions.

## The G20's biggest fossil funders: public finance for fossil fuels compared to renewable energy, yearly averages (2018-2020, CAD billions)



Data provided by Oil Change International.

EXPORT DEVELOPMENT CANADA (EDC) is a Crown corporation that provides roughly \$100 billion in loans, insurance and other financial support to Canadian and foreign firms each year.

## EDC ON CLIMATE

EDC has **no plan to end its support for fossil fuels**.

It has committed to a mere 15% reduction in financing related to oil and gas production by 2030, and a 3% shift in its financing from oil to gas production. The agency could continue providing billions in financing to support fossil fuel production for years to come.

EDC could even increase its total support for the industry, as it has no target to reduce its support for transport, storage, and processing infrastructure, such as pipelines and refineries.

**ABOVE  
GROUND**

# It's time for Canada to end its incoherence on climate

- » The government was re-elected on a **commitment** to “develop a plan to phase out public financing of the fossil fuel sector, including from federal Crown corporations.” The ministers of natural resources, of the environment and of finance have been tasked with the plan’s development.
- » The government signed an **international pledge** in 2021 to eliminate “direct” support for “unabated” fossil fuel energy overseas by the end of 2022. The term ‘abated’ commonly refers to projects with carbon capture technology, which the government says it **will continue to support**. The pledge also allows for “limited” exceptions, which have yet to be defined.
- » Though the **details of implementation** are under development, it’s clear that the pledge will cover only a fraction of EDC’s fossil fuel finance: roughly **\$1 billion**, according to a preliminary government estimate.
- » The pledge leaves unaddressed the billions more in federal support being provided to oil and gas companies in Canada. In recent years, this has included support for projects such as the **Trans Mountain** and **Coastal GasLink** pipelines, as well as for Canada’s **major oil sands players**.
- » The minister of natural resources stated in November 2021 that a timeline for eliminating the domestic portion of this financing would be announced **in the next few months**.

“Carbon capture prolongs our dependence on [fossil fuels] at a time when preventing catastrophic climate change requires *winding down* fossil fuel use.”

— letter to Finance Minister Chrystia Freeland from over 400 Canadian climate scientists and academics (January 19, 2022)

Now is the time to exert pressure on Ottawa to ensure a swift and complete phase-out of public support for fossil fuel development of any kind, in Canada and abroad. This must accompany a rapid scale-up of support for sustainable, renewable and equitable climate solutions.