



January 24, 2024

Ms. Karen Hamilton
Director
Above Ground
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Dear Ms. Hamilton:

Thank you for your correspondence of September 18, 2023, regarding the Statement on International Public Support for the Clean Energy Transition (the Glasgow Statement), the government's corresponding Guidelines for Canada's International Support for the Clean Energy Transition (the Guidelines) and Export Development Canada (EDC).

The Government of Canada is committed to transitioning to a net-zero economy, and in December 2022, published the Guidelines. I am pleased to note that consistent with the Guidelines and as part of EDC's commitments to Government of Canada carbon reduction plans—including to achieve net-zero emissions by 2050—EDC no longer provides new direct financing to the unabated international fossil fuel sector as of January 1, 2023.

EDC will continue to support Canadian exporters providing products, services or technologies that accelerate the decarbonization of international companies or operations. EDC's exposure (existing, committed business that has not yet reached maturity) falling under the scope of the Guidelines is approximately \$2.5 billion. EDC will not be renewing this business as it reaches maturity dates over the next several years.

EDC is also no longer providing new financing, insurance, bonding or guarantees for Canadian exporters' international upstream and downstream operations. EDC plans to continue scaling annual support for clean technology with an objective to grow their business facilitated from \$8.8 billion in 2022 to \$10 billion by 2025.

As you observed in EDC's 2022 Annual Report, there has been an increase in short-term insurance coverage for the oil and gas sector. The majority of this is related to electricity and energy trading (not oil and gas production) due to increased volatility arising from the conflict in Ukraine, greater demand for insurance coverage, increased value of policy coverage and overall higher commodity prices.

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I appreciate your acknowledging my 2023 Statement of Priorities and Accountabilities letter, which asks EDC to support sustainable and responsible growth. This includes implementing the Guidelines, updating on progress regularly and, more broadly, phasing out support for new projects in the fossil fuel sector. My expectation is that EDC will remain fully aligned with Government of Canada policy.

In releasing the Inefficient Fossil Fuel Subsidies Government of Canada Self-Review Assessment Framework and the Inefficient Fossil Fuel Subsidies Government of Canada Guidelines in July 2023, the Government of Canada also noted that it will work to identify current public financing by 2024 and announce by fall 2024 the implementation plan to phase out public financing of the fossil fuel sector.

EDC plays an important part in advancing Canada's transition to a low-carbon economy, particularly through bringing Canada's oil and gas sector along in this important journey. I am confident that EDC will continue to support the Government of Canada's climate objectives and future Government of Canada climate change and fossil fuel energy financing policies.

Thank you again for raising these important issues.

Sincerely,



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