Next Steps in Ending Canada's Support for Fossil Fuels

A Focus on the Role of Export Development Canada

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21st March 2024

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Qualifications

I have been involved in the field of sustainable development for more than 40 years and have focused on questions of corporate sustainability for more than 30 years both as an early practitioner and as an academic. I led the Business and Sustainability program at the Schulich School of Business for seven years and have advised a wide variety of governments, civil society organisations, corporations, UN agencies and international financial institutions, including the International Finance Corporation (World Bank), the European Bank for Reconstruction and Development and Export Development Canada.[1] I am currently special advisor on climate action and sustainability to Mohawk College, Ontario which leads an ESDC funded pan-Canadian coalition of colleges committed to delivering skills for the green economy. My academic work has been sponsored by many corporations, including several international oil and gas firms, including bp, Shell, Suncor, Petro-Canada and Encana. My energy policy work includes leading the processes which set up two provincial energy efficiency agencies, the design of the Nova Scotia renewable electrcity strategy and chairing the Nova Scotia independent review of hydraulic fracturing.

Perspectives

I believe I have a reputation for being an evidence-based commentator on corporate sustainability strategy and practice as well as on questions of climate change and energy policy.

I have concluded that the level of urgency[2] demanded by the biophysical and social implications of the incipient climate change and biodiversity crises is not yet matched by the levels of action of most governments, including the Government of Canada, as evidenced by independent agencies such as Carbon Action Tracker.[3]

Furthermore, I have concluded that central to the failure of successive Governments of Canada to deliver on international commitments on climate action over many years, as noted by the Commissioner of the Environment and Sustainable Development,[4] has been its historical acquiescence to the demands of the oil and gas industry, most egregiously the continuing use of public finance to enable the industry to pursue 'business as usual' in direct contradition to the

[1] See: https://sustainable-transitions.com/clients
[2] Richardson *et al.* (2023). Earth beyond six of nine planetary boundaries. *Science Advances* 9, 2458: 1-16.
[3] See: https://climateactiontracker.org/countries/canada/
[4] See: https://www.oag-bvg.gc.ca/internet/English/att_parl_cesd_202111_05_e_43913.html

Government of Canada's stated policy ambitions and international commitments or indeed the normal operation of a free market economy.

I observe that in recent years a significant part of this enabling behaviour on the part of governments has been associated with the actions of crown corporations such as Export Development Canada and the Business Development Bank of Canada. And in the case of the purchase and development of the Trans Mountain Pipeline, this occurred at the direction of the Government of Canada and continues to this day. I will focus my evidence on the role of EDC given the continuing significant contribution that EDC makes to public financing and general enablement of the Canadian fossil fuel sector.

Evidence

I do not question the good intentions of the current Government of Canada, and particularly Environment and Climate Change Canada under Minister Steven Guilbeault and previous Ministers. Indeed much positive progress has occurred in recent years with respect to carbon taxation, emissions caps and the phase-out of coal powered electricity generation, as described in detail in the Department's 2030 Emissions Reduction Plan,[5] and more recently the intended phasing out of public finance for 'unabated' carbon emissions overseas under the provisions of the Glasgow Statement.[6] The multi-CSO (civil society organisation) backed Oil Change International has acknowledged that Canada, along with seven other high income country signatories to the Glasgow Statement *"have existing or new policies aligned or nearly aligned with the Glasgow Statement"*.[7]

Neither do I question the good intentions of Export Development Canada under the leadership of President Mairead Lavery, her team and her predecessors, for whom I have the highest regard. In my direct experience EDC has been both diligent and sincere in its pursuit of greening its general portfolio through the deployment of significant increases in its Sustainable Finance investments, and indeed the decarbonisation of its portfolio with respect to fossil fuel industry investments. These have been described in EDC's Net Zero 2050 report (2022 Update): *Steps, considerations and decisions along the path to net zero by 2050.*[8] It is entirely commendable that despite the turbulence of recent years represented by the COVID 19 pandemic and Russia's invasion of Ukraine, EDC aims to reduce exposure to its six most carbon-intensive sectors by 57% by 2030 compared to 2018 and indeed is a founding member of the UNEP FI Net-Zero Export Credit Agencies Alliance.[9,10] However, I judge this commitment, on its own, to be inadequate, incomplete (and therefore potentially misleading) and politically fragile.

[5] See: https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/climate-plan-overview/emissions-reduction-2030/sector-overview.html#sector5
[6] Statement on International Public Support for the Clean Energy Transition. UN Climate Change Conference UK 2021. Available via: https://webarchive.nationalarchives.gov.uk/ukgwa/20230313124743/https://ukcop26.org/statement-on-international-public-support-for-the-clean-energy-transition/
[7] Oil Change International (2023). *Promise Breakers*. Washington DC: Oil Change International.
[8] EDC (2022). Net Zero 2050. *Steps, considerations and decisions along the path to net zero by 2050.* Ottawa: Export Development Canada. Available via: https://www.edc.ca/content/dam/edc/en/non-premium/edc-net-zero-emissions-2050.pdf
[9] See: https://www.edc.ca/en/about-us/esg/environment/net-zero.html
[10] See: https://www.unepfi.org/climate-change/net-zero-export-credit-agencies/

In my view there are three fundamental problems at the heart of EDC's decarbonisation strategy:

Problem 1: The current government has not adequately translated its mandates on climate change to Ministers to instructions to crown corporations, thereby creating ambiguity between stated Federal policy and practice by corporate agents of the crown, including EDC.

In his mandate letter to Minister of International Trade Mary Ng of 21st December 2021,[11] Prime Minister Justin Trudeau wrote: *"The science is clear. Canadians have been clear. We must not only continue taking real climate action, we must also move faster and go further. As Canadians are increasingly experiencing across the country, climate change is an existential threat. Building a cleaner, greener future will require a sustained and collaborative effort from all of us. As Minister, I expect you to seek opportunities within your portfolio to support our whole-of-government effort to reduce emissions, create clean jobs and address the climate-related challenges communities are already facing."*

In his mandate letter to Minister of Environment and Climate Change Steven Guilbeault of 21st December 2021,[12] Prime Minister Trudeau required Minister Guilbeault to: "*Work with the Deputy Prime Minister and Minister of Finance, and with the support of the Minister of Natural Resources, to accelerate our G20 commitment to eliminate fossil fuel subsidies from 2025 to 2023, and develop a plan to phase out public financing of the fossil fuel sector, including by federal Crown corporations."* There was no reference to 'inefficient' subsidies or the 'unabated' fossil fuel sector in the Prime Minister's letters.

These two ministerial mandates could not have been clearer in terms of public policy intent, and most Canadians would surely have interpreted these documents to signal the end of fossil fuel financing of any kind by the Federal Government and crown corporations.

However, in her Statement of Priorities and Accountabilities for Export Development Canada of 21st December 2021,[13] Minister Ng only required EDC to *"Implement the Government's policy guidance on the Glasgow Statement commitment to end new direct public support for the international unabated fossil fuel energy sector, and provide regular updates on progress."* And to: *"Continue to support Canada's transition to a low-carbon economy, in particular, by phasing out support for new projects in the fossil fuel sector, in alignment with Canada's climate objectives and future Government of Canada climate change and fossil fuel energy financing policies."*

Unfortunately, neither the aspirational annoucements on phasing out 'inefficient' fossil fuels subsidies by Minister Guilbeault of 24th July 2023[14] nor Minister Ng's rather narrow mandate to EDC eliminates ambiguity, and thus loopholes remain to be exploited.[15]

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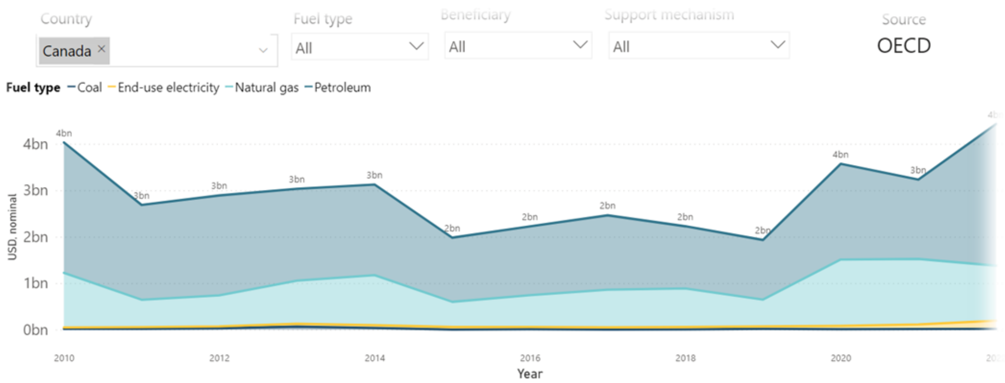
[11] See: https://www.pm.gc.ca/en/mandate-letters/2021/12/16/minister-international-trade-export-promotion-small-business-and
[12] See: https://www.pm.gc.ca/en/mandate-letters/2021/12/16/minister-environment-and-climate-change-mandate-letter
[13] See: https://www.international.gc.ca/global-affairs-affaires-mondiales/partners-partenaires/edc/mandate-mandat.aspx?lang=eng
[14] Government of Canada (2022). Guidelines for Canada's International Support for the Clean Energy Transition. Available via: https://naturalresources.canada.ca/sites/nrcan/files/pdf/UK%20Statement_e.pdf
[15] Gunton, T, Wheeler D and Tienhaara, K (2023). Trudeau government's plan to end fossil fuel subsidies does not actually end a single one. *Globe and Mail* 2nd August 2023. Available via: https://www.theglobeandmail.com/business/commentary/article-trudeau-fossil-fuel-subsidies/.

Moreover, the latest data from the OECD suggest that despite this being the explicit policy trajectory since 2021 - and arguably as early as 2009[16] - Canada's record on fossil fuel subsidies (OECD definition) was significantly worse in 2022 than it was in 2018.[17] See graph below.



Fuel type	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Petroleum	2,809M	2,041M	2,151M	1,979M	1,953M	1,382M	1,483M	1,602M	1,340M	1,285M	2,060M	1,710M	3,050M
Natural gas	1,177M	589M	669M	926M	1,076M	542M	683M	812M	830M	578M	1,429M	1,410M	1,185M
End-use electricity	31M	40M	40M	62M	61M	55M	49M	48M	51M	52M	72M	99M	177M
Coal	15M	15M	29M	66M	35M	1M	9M	0M	5M	16M	9M	13M	16M
Total	4,033M	2,685M	2,890M	3,033M	3,125M	1,981M	2,224M	2,462M	2,226M	1,932M	3,570M	3,233M	4,428M

According to the International Monetary Fund, which combines both explicit and implicit subsidies in its calculations, in 2022 Canada devoted around 2% of GDP ($38 billion US) to subsidising the fossil fuel industry, most of which is a failure to make the industry pay for its externalised costs in terms of health and the environment.[18]

Implications: despite the Prime Minister's reasonably clear 2021 mandate to phase out 'public financing of the fossil fuel sector, including by federal Crown corporations', the actual record is poor and an end to public financing remains undelivered as of March 2024.

Problem 2: The investments of the EDC-administered Canada Account leaves open a gaping hole in the policy-action accountability continuum on climate change that can be argued represents - at best - a systematic drag on national climate policy commitments and - at worst – the enabling of wholly unaccountable political decision-making by the Government of Canada.

Perhaps the worst example of failure to match policy and action on fossil fuel financing is the enablement of the industry through significant investments in fossil fuel infrastructure – in particular investments that are de-risked by the Government of Canada but which remain on the balance sheet of Export Development Canada via its maintenance of the Canada Account.

[16] See: http://www.g20.utoronto.ca/2009/2009communique0925.html
[17] See: https://fossilfuelsubsidytracker.org/country/
[18] Black, S, Liu, A, Parry, I and Vernon, N (2023). IMF Fossil Fuel Subsidies Data: 2023 Update. Working paper. Washington, DC: International Monetary Fund.

To quote EDC[19]: [the]*"Canada Account is used to support export transactions which we are unable to support, but which are determined by the Minister for International Trade to be in Canada's national interest. This is usually due to a combination of risks, including the size of the transaction, market risks, EDC's country capacity, borrower risks, and/or the financing conditions.*

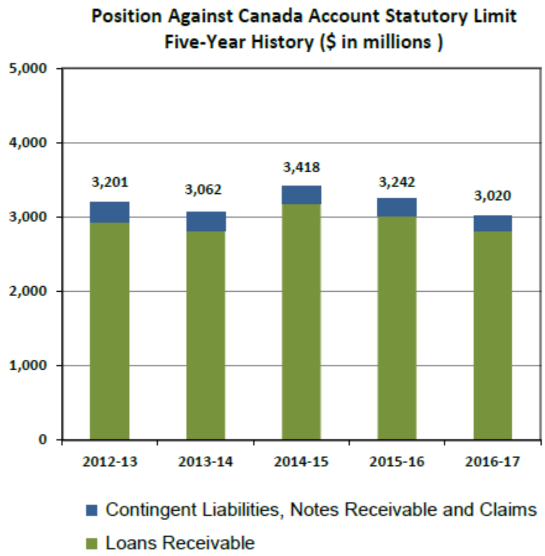
We negotiate, execute and administer these transactions on the same basis as corporate account activities but the risks are assumed by the Federal government. Before we enter into a Canada Account transaction, we require authorization from the Minister for International Trade, with the concurrence of the Minister of Finance. Transactions exceeding $50 million or those of a sensitive nature are, in practice, approved by Cabinet."

So, by definition, Canada Account transactions are not ones that EDC would initiate for commercial reasons. In this case EDC is acting within its mandate in the Export Development Act (1985, amended)[20] (paragraph 1.02) "*The Corporation shall carry out its purposes, with regard to domestic business, in a manner that complements the products and services available from commercial financial institutions and commercial insurance providers."* Thus Canada Account transactions would not be expected to be taken on by commercial lenders alone, although commercial interests could co-invest after the transaction was 'de-risked' by EDC acting on behalf of the Government of Canada.

Without mentioning the Canada Account *per se,* the Export Development Act (1985, amended) also sets out the mechanisms by which EDC takes instructions (and money) from the Federal Government for non-commercial transactions, and how it recovers overheads for managing the transactions. The Act also makes clear that these should be accounted for separately: (paragraph 22(4)): "*The Corporation shall maintain a separate account of all moneys received by way of receipts and recoveries, and of all disbursements made, in connection with all transactions entered into under this section and shall, subject to subsections (5) and (6), pay to the Receiver General all such receipts and recoveries."*

As of March 2017, the routine operation of the Canada Account included loans, loan guarantees, notes receivable and credit insurance representing just over $3bn CAD in 20 jurisdictions around the world, with the US representing around two thirds of the exposure, primarily in the automotive sector.[21] By law, in 2017 EDC was not allowed to exceed $20bn in total exposure, and between 2012/13 and 2016/17 exposure was limited to a somewhat conservative $3.02-$3.418 bn CAD[22] or well under 20% of the legal cap. See graph overleaf.

[19] See: https://www.edc.ca/en/about-us/corporate/disclosure/reporting-transactions/canada-account.html
[20] See: https://laws-lois.justice.gc.ca/eng/ACTS/E-20/index.html
[21] In the first part of 2009, in the immediate aftermath of the financial crash both GM Corporation and Chrysler LLC obtained facilities of $1bn+ CAD.
[22] EDC (2017). Canada Account Annual Report for the Government of Canada Year Ending March 31 2017. Ottawa: Export Development Canada.



Between 2010 and 2017 only three small transactions (all less than $1m CAD, and all involving Cuba) were processed through the Canada Account.[23]

Then things changed dramatically.

Between June 2018 and February 2024 no fewer than eighteen new transactions were processed through the Canada Account. Eleven of these were for the Trans Mountain Pipeline project, comprising a mix of contributions to working capital and bank guarantees of around $30bn CAD, thereby reaching an unprecedented scale of financial exposure, and indeed environmental impact.

Some explanation is needed for this dramatic departure from precedent.

According to the latest (2022) EDC Integrated Annual Report[24] (page 169): *"In June 2018, EDC was issued a directive (PC 2018-683) pursuant to Section 89 of the FA Act to perform any activity consistent with any authorization obtained from the Minister pursuant to Section 23 of the Act (Canada Account) in respect of the project known as the Trans Mountain Pipeline Expansion (the "Project"), and to do all such ancillary or other things as may be advisable or required to give effect to the provisions contained therein. We have complied with the directive by performing all required activities described in the six Ministerial authorization letters provided to EDC except for the indemnity to facilitate in the case of a sale of the assets or shares contemplated in paragraph 3 of the June 5, 2018 Ministerial authorization letter. As at December 31, 2022, the service related to the indemnity clause has not yet been required."*

In addition (page 223): *"The Act allows the Canada Account to have outstanding loans and commitments to borrowers and arrangements giving rise to contingent liabilities under contracts of insurance and other agreements up to a maximum of $115 billion. The position against the statutory limit at the end of 2022, determined in accordance with the requirements of the Act, was $72.2 billion (2021 – $65.1 billion)."* So as of 2022, the legal cap on exposure had not only been raised more than fivefold, but the exposure had risen to more than 60% of the cap ie more than 20 times the typical dollar exposure of the mid-2010s.

[23] See: https://www.edc.ca/en/about-us/corporate/disclosure/reporting-transactions/canada-account.html
[24] EDC (2021). Better Through Trade. 2022 Integrated Annual Report. Ottawa: Export Development Canada. Available via: https://www.edc.ca/content/dam/edc/en/corporate/corporate-reports/annual-reports/edc-2022-annual-report.pdf

Another provision of the Export Development Act (1985, amended) is that environmental impacts must be taken into account *viz*: (paragraph 10.1 (1)): *"Before entering, in the exercise of its powers under subsection 10(1.1), into a transaction that is related to a project, the Corporation must determine, in accordance with the directive referred to in subsection (2), (a) whether the project is likely to have adverse environmental effects despite the implementation of mitigation measures; and (b) if such is the case, whether the Corporation is justified in entering into the transaction."* To date I have not seen documentation on EDC's justification for the transaction on environmental grounds and indeed it is hard to imagine what that justification would be if Paris Agreement compliance was to be taken seriously.

It is no secret that the driving force for the decision to buy Trans Mountain Pipeline, an asset that was demonstrably not attractive to private sector investors, the beneficiaries or indeed EDC, was the seeking of political advantage, presumably consistent with the Government's view of the national interest with respect to economic, environmental and/or social policy.

At the time there was also a coincidence of (doubtless) well intended political interests between the Federal and Alberta governments. For the Alberta government and its controversial Climate Leadership Plan,[25] Federal intervention in support of a pipeline was a vital component in maintaining the fragile alliance that had been assembled between industry, government and civil society in support of a carbon tax that shifted somewhat the burden of action from industry to Alberta emitters as a whole, including consumers. The intention was that with increased industry revenues associated with the pipeline plus enhanced provincial royalties, new money could then be deployed into social and environmental programs, including 'just transition'.

For the Federal Government, maintaining a key provincial ally for Canada's doubling down on carbon taxation as the main tool for delivering on climate targets was hugely valuable as it had decided this was to be the primary tool in support of Canada meeting its international climate obligations.

Unfortunately for the Government of Alberta, the fragile coalition did not last very long; industry leaders did not assist in making the case for carbon taxation to Albertans, the pipeline was beset with legal and other delays, and in August 2018, under enormous domestic pressure, Alberta Premier Rachel Notley peremptorily withdrew her support for the Federal Government's climate plan. By April 2019 her government was out of office.

The price that has been paid for this high stakes political gamble has been enormous. The main components of the price that must now be acknowledged are:

1) An emerging consensus that reliance on consumer focused carbon taxation as the principal mechanism to ensure Canadian compliance with international climate commitments has been a mistake and that new mechanisms will now need to be developed in a period of increasing political instability in the county, including a possible change of government.
2) Canada now owns a very expensive pipeline which will provide financial support of at least $16.2bn to the oil and gas sector for cheaper transportation of their products for the life of the project, in direct contradiction of the country's stated ambition on eliminating fossil fuel subsidies.[26]

[25] See: https://open.alberta.ca/publications/alberta-s-climate-leadership-plan-progressive-climate-policy

[26] Tsleil-Waututh First Nation (2023). Letter of comment on IRR1 from Tsleil-Waututh Nation, in evidence provided to the Canada Energy Regulator, TMC will be required to "absorb $16.2 billion of the estimated $30.9 billion construction budget."

3) Export Development Canada has been compromised with respect to its own climate action policies, now being implicated - via its balance sheet - in enhanced emissions in Alberta and the rest of the world, associated negative impacts on Indigenous Canadians, and ownership of an asset that will provide direct subsidies to the fossil fuel industry for decades. In doing this EDC has been forced to radically alter the application, scope and size of the Canada Account, setting potentially serious negative precedents for the future.

Implications: Regardless of any good intentions, we may conclude that the use of EDC's Canada Account for transactions related to the Trans Mountain Pipeline project has been an unmitigated political, environmental and Indigenous rights disaster with no obvious upside for Canadians. It has been a failure of governance and it has stretched credulity on how the national interest can be defined under the Export Development Act.

Problem 3: EDC is now subject to significant and growing reputational harm and potentially even legal challenge which could negatively impact on its ability to deliver on its principal mandate.

The United Nations Framework Convention on Climate Change (UNFCC) annual Conference of the Parties (COP) in Glasgow (COP 26) saw significant progress on the elimination of public financing of the fossil fuel industry.[27] The Glasgow Statement was one of a number of initiatives championed during the UK Presidency. The Statement was signed by Canada along with the UK, the US, France, Germany and Italy for whom compliance was expected by the end of 2022. The Glasgow Statement included these commitments:

"We will end new direct public support for the international unabated fossil fuel energy sector within one year of signing this statement, except in limited and clearly defined circumstances that are consistent with a 1.5°C warming limit and the goals of the Paris Agreement." And:

"We will encourage further governments, their official export credit agencies and public finance institutions to implement similar commitments into COP27 and beyond. This includes driving multilateral negotiations in international bodies, in particular in the OECD, to review, update and strengthen their governance frameworks to align with the Paris Agreement goals. For government signatories, this will also guide our approach on the boards of multilateral development banks."

Accepting that not all Export Credit Agencies (ECAs) are the same, and that Canada's ECA (EDC) may be somewhat unique in its ability to deploy the Canada Account regardless of normal commercial considerations (although not environmental ones), the experience of UK Export Finance (UKEF) in recent years is informative. Before the UK Presidency of the Conference of the Parties it is probably fair to say that UKEF was among the more commercially driven of ECAs, where legal compliance was the accepted baseline for the approval of investment decisions. UKEF was - by statute - obliged to

Furthermore "Trans Mountain's IRR 1.4 does not provide a full picture of Trans Mountain's financial picture and should not be relied upon to determine whether tolls are just and reasonable." Arguing from the exact opposite position, the fossil fuel industry perspective with respect to uncertainties associated with toll calculations is equally damning. See: https://financialpost.com/commodities/energy/oil-gas/oil-shippers-explanation-trans-mountain-pipeline-costs

[27] UNFCC (2021). Statement on International Public Support for the Clean Energy Transition. Available via: https://webarchive.nationalarchives.gov.uk/ukgwa/20230313124743/https://ukcop26.org/statement-on-international-public-support-for-the-clean-energy-transition/

support UK exporters, unconstrained by the emerging climate policy direction of the UK government and was thus capable of financing very large fossil fuel projects overseas.[28, 29]

As a result, the UK Parliamentary Environmental Audit Committee noted in its 2019 report: *"UKEF has received criticism for the proportion of its support for the energy sector which goes to fossil fuel projects. Between 2013/14 and 2017/18, 21% of UKEF's support (£2.6 billion) was for the energy sector. Of this, 96% went to fossil fuel projects. UKEF has emphasised that its support is "demand driven," and that "the volume and proportion of UKEF's support for UK exports in specific sectors is to some extent a reflection of prevailing private sector liquidity and risk appetite."*[30]

This observation explains clearly the commercial model in play. However, it is worth quoting two of the UK Parliamentary Committee's recommendations:

"Although UK Export Finance's (UKEF's) support to UK businesses in the energy sector is demand-led and makes up just 0.02% of global oil and gas investment, UKEF's support "de-risks investments" and "sends a clear signal" to the wider investment market, attracting further finance to the projects which it chooses to support. Changes to UKEF's climate-related practices would have significant symbolic and real-world value as evidence of the UK's leadership on tackling climate change. (Paragraph 76)" And:

"Most of UKEF's support to UK businesses undermines the UK's climate commitments. UKEF is a thought leader and plays a key role in de-risking projects, so aligning its support with national and global climate goals is a key step to aligning UK and international financial flows with the Paris agreement. UKEF should commit to only support British businesses in projects that support the UK's climate goals. (Paragraph 117)."

This makes crystal clear the fundamental difference between i) the operation of a broader enabling role of ECAs in de-risking and enhancing other forms of fossil fuel finance *versus* ii) role modelling consistency with broader national climate policies, through a 'whole of government' approach.[31]

The last - and highly controversial - fossil fuel project to be financed by UKEF was a £1.15bn investment in a liquefied natural gas project in Mozambique which was challenged by Friends of the Earth UK in the UK courts, primarily over the question of non-compliance with the Paris Agreement.[32] The interventions of the Environmental Audit Committee and the advent of the Glasgow Statement ensured that no such investments would be made in the future, thereby bringing into being a more consistent 'whole of government' policy in the UK with respect to compliance with the Paris Agreement, something which because of EDC's ongoing deep participation in fossil fuel finance remains elusive in the case of Canada.

[28] House of Commons Environmental Audit Committee (2019). *UK Export Finance.* Available via: https://publications.parliament.uk/pa/cm201719/cmselect/cmenvaud/1804/180402.htm
[29] Lang, J (2021). UK Export Finance funding abroad, Is the UK's export credit agency undermining the country's international and domestic climate commitments? See: https://eciu.net/analysis/briefings/uk-energy-policies-and-prices/uk-export-finance
[30] House of Commons Environmental Audit Committee (2019). UK Export Finance. Available via: https://publications.parliament.uk/pa/cm201719/cmselect/cmenvaud/1804/180402.htm
[31] Lang, J (2021). UK Export Finance funding abroad, Is the UK's export credit agency undermining the country's international and domestic climate commitments? See: https://eciu.net/analysis/briefings/uk-energy-policies-and-prices/uk-export-finance
[32] See: https://policy.friendsoftheearth.uk/reports/friends-earth-vs-uk-export-finance-case-documents

Implications: it is entirely conceivable that the ambiguity created around the Government of Canada's commitment to the Paris Agreement with respect to the Trans Mountain Pipeline project decision and its continued participation in the project, as well as the potential failure to establish that project as compliant with the Paris Agreement will create ongoing reputational damage for EDC. If this is compounded by failures of accountability eg with respect to the Export Development Act or IFRS/TCFD[33] reporting requirements that could potentially lead to legal challenge.

Recommendations

1) It is well past time when Canada should eliminate all use of public money to finance the fossil fuel industry, consistent with a 'whole of government' approach to climate policy, the expectations of Canadians and the normal functioning of a free market economy. If the oil and gas sector wishes to finance its expansion subject to compliance with climate and biodiversity regulations, the safeguarding of Indigenous rights, and carbon taxation regimes it should do that in the normal manner, through the securing of commercial loans and investments. It is anachronistic in the extreme for governments and their agents to participate in the financing and broader enablement of the industry.
2) Export Development Canada and all other crown corporations should be encouraged to exit all existing fossil fuel investments, internationally and domestically, in the shortest possible timeframe, consistent with the reported position of the Canadian Government at the OECD.[34]
3) All actors in the ownership chain of the Trans Mountain Pipeline should ensure consistency with Canada's international climate obligations, compliance with the environmental provisions of the Export Development Act and the provisions of TCFD reporting consistent with the Paris Agreement.
4) To ensure consistency with G20 and Glasgow Statement commitments and associated guidelines,[35] the Government of Canada must either exit its ownership of the Trans Mountain Pipeline on commercial terms that reflect the subsidy story to date or secure full compensation from users of the pipeline to justify the original investment.
5) In order to expedite all of the above, it is recommended that a cross-party parliamentary initiative is convened to secure the earliest possible government commitment to either review and revise the Export Development Act or issue an irrevocable directive to eliminate all fossil fuel involvements by Export Development Canada and all other crown corporations.[36]

[33] See: https://www.ifrs.org/sustainability/tcfd/
[34] Interestingly, as reported in the *Financial Times*, Canada is supporting the UK Government at the OECD to eliminate fossil fuel finance by Export Credit Agencies. See: https://www.ft.com/content/b4d0e4be-aa81-4345-a004-b76cafc5129e
[35] Government of Canada (2022). Guidelines for Canada's International Support for the Clean Energy Transition. Available via: https://naturalresources.canada.ca/sites/nrcan/files/pdf/UK%20Statement_e.pdf
[36] As noted earlier, in the UK it was a combination of the work of the cross-party Environmental Audit Committee and a directive from the Cabinet Office that was necessary to secure reform in the case of UK Export Finance.