

02 May 2022

To: The Honourable Chrystia Freeland, Deputy Prime Minister, Minister of Finance  
The Honourable Jonathan Wilkinson, Minister of Natural Resources Canada  
The Honourable Steven Guilbeault, Minister of Environment and Climate Change

C.c. Federal Cabinet

**Re: Ending fossil fuel subsidies and public finance**

We welcome the commitments made by the Government of Canada to end subsidies and public financing for the fossil fuel sector. This includes both the promises made during the election, to accelerate the timeline to eliminate fossil fuels subsidies by 2023 and to develop a plan to phase out public financing to fossil fuels in alignment with Canada's net-zero target, as well as the historic [Statement on International Public Support for the Clean Energy Transition](#) at COP26 in Glasgow, a joint commitment to end international public finance for oil, gas and coal by the end of 2022.

We are encouraged by the momentum these commitments have generated. The previous 2025 timeline for ending fossil fuel subsidies was misaligned with international climate goals, especially considering Canada is ranked last for oil and gas support among G20 OECD countries.<sup>1</sup> Meanwhile, the Glasgow joint statement has united some of the largest historic providers of trade and development finance for fossil fuels with 34 countries and 5 institutions signed on. With strong implementation by signatories like Canada, the Glasgow Statement has the potential to directly shift at least USD 24 billion a year in influential, government-backed finance out of fossil fuels and into clean energy on an annual basis, and indirectly shift much more by influencing other governments and investors.<sup>2</sup>

However, these commitments do not yet amount to the federal government ending its fossil fuel support in line with what is needed for Canada to meet its climate targets. **We urge the government to demonstrate true leadership by going beyond the commitments made to date and eliminate *all* subsidies, public financing and other forms of financial support from the Government of Canada and federal crown corporations directed to the oil and gas sector by the end of 2022.**

In addition, we call on the government to:

- Cement the commitment to end all public financing, including both domestic and international, by the end of 2022 in legislation that covers Export Development Canada and other crown corporations.

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<sup>1</sup> See [Doubling Back and Doubling Down: G20 scorecard on fossil fuel funding | International Institute for Sustainable Development](#)

<sup>2</sup> This figure is based on the annual average fossil fuel support from signatories' international public finance institutions for 2018 to 2020 as collated by Oil Change International in the Shift the Subsidies database — detailed in this [press release](#).

- Develop concrete mechanisms to increase Canada's international finance in support of a just energy transition to at least \$4 billion a year in line with our fair share of limiting global warming to 1.5°C.<sup>3</sup>
- Ensure all definitions and policies exclude loopholes that would allow continued subsidies, public finance or support for gas or false solutions, including carbon capture, utilization and storage (CCUS) and fossil blue hydrogen. This includes canceling the CCUS tax credit.
- Uphold the Polluter Pays Principle, which ensures that oil and gas companies do not pass on the costs of reducing emissions or environmental clean-up onto the public.
- Ensure all energy projects, including those benefiting from government support, uphold Indigenous rights and are fully aligned with the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and its principle of free, prior and informed consent.
- Align all government spending with Canada's obligations under the Paris Agreement to do our fair share to limit global temperature increase to 1.5 °C. This includes attaching strict conditions to government programs (including the Net Zero Accelerator, Canada Growth Fund, Canada Infrastructure Bank, etc).
- Work with the other Glasgow Statement signatories to encourage other countries to join this initiative and to cement their joint commitments into international policy processes including at the major multilateral development banks, in the G7, G20, and the OECD.

The commitments made by the Government of Canada are at risk of being undermined by weak implementation and new subsidies and public financing being made available to false solutions, including carbon capture, utilization and storage (CCUS), gas, and fossil-based hydrogen, such as the new CCUS investment tax credit. Furthermore, we are concerned by comments from members of Cabinet<sup>4</sup> suggesting a longer timeline for phasing out Export Development Canada's finance for projects within Canada. This would be misaligned with the International Energy Agency (IEA) and Intergovernmental Panel on Climate Change (IPCC) who have been clear that there should be no further investments in any kind of fossil fuel supply and that we need a rapid phase out of fossil fuels globally to stay within a safe 1.5°C emissions trajectory.<sup>5</sup> Continued government support for gas, CCUS and fossil-based hydrogen contribute to expanded or prolonged fossil fuel production instead of the just energy transition needed to stay within 1.5°C limits. This support would also be economically risky, ignoring the fact that renewable energy costs are dropping rapidly and are already vastly cheaper than most unabated fossil fuel use, let alone fossil fuels paired with CCUS.<sup>6</sup> Lastly, carve-outs for domestic

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<sup>3</sup> See [Canada's Fair Share towards limiting global warming to 1.5°C](#)

<sup>4</sup> See: [Governments are choking funding for new overseas oil and gas projects. Will the strategy work? | Financial Post](#)

<sup>5</sup> See [IEA Net Zero by 2050: A Roadmap for the Global Energy Sector](#) and [IPCC AR6 Climate Change 2021 Summary for Policymakers](#).

<sup>6</sup> See [Comparative net energy analysis of renewable electricity and carbon capture and storage](#) in *Nature Energy* and [Step Off the Gas: International public finance, natural gas and clean alternatives in the Global South](#).

finance, gas, or upstream CCS would also put Canada far behind recent public finance policies put in place in both the United Kingdom and United States.<sup>7</sup>

Oil and gas companies have profited immensely for decades from activities that are fueling the climate crisis and polluting our land and water. The public should not be on the hook for paying these companies to lower their emissions. In practice, these subsidies that have purported environmental or social benefits have more often distorted the market, prolonged fossil fuel production, worsened pollution, violated Indigenous rights, and created significant opportunity costs.<sup>8</sup>

The window of opportunity to make a 1.5°C future possible is rapidly closing. The federal government shifting its fossil fuel support to instead build just, rights-upholding, and clean energy systems in Canada and abroad is a critical and transformative step to set us on this trajectory. Delayed action will only bring more violent and devastating impacts to the climate crisis and to workers and communities that are currently economically reliant on oil and gas production.

We are looking forward to receiving your response to this letter and would be interested in setting up a meeting to discuss your implementation efforts and these recommendations.

Signed,

Oil Change International  
Environmental Defence Canada  
Above Ground  
Climate Action Network Canada  
Équiterre  
Disability Justice Network of Ontario (DJNO)  
Greenpeace Canada  
Canadian Association of Physicians for the Environment  
Canadian Associations of Nurses for the Environment  
Sacred Earth Solar  
Canadian Interfaith Fast For the Climate  
The Climate Reality Project Canada  
Center for International Environmental Law  
RAVEN (Respecting Aboriginal Values and Environmental Needs)  
Canadian Centre for Policy Alternatives  
Leadnow  
Oxfam Canada  
Oxfam-Québec

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<sup>7</sup> See the United Kingdom Guidance on International Support [here](#) and the United States Interim International Energy Engagement [here](#).

<sup>8</sup> See Oxfam and Parkland Institute [report](#) on Orphan Wells, Centre for International Environmental Law [report](#) on US CCS Tax Credit, and EDC [report](#) on CCUS subsidies.

Climate Emergency Unit  
The Council of Canadians  
Stand.earth  
Protect Our Winters Canada  
Climate Emergency Institute  
Council of Canadians Terrace Chapter  
For Our Kids - Burnaby  
Coalition for Responsible Energy Development in New Brunswick (CRED-NB)  
Grand(m)others Act to Save the Planet GASP  
Just Earth  
Climate Justice Edmonton  
ClimateFast  
Nonviolence International Canada  
System Change Not Climate Change  
Innoeva Development Foundation  
VOY EN BICI Argentina  
Jubilee Australia Research Centre  
Barranquilla+20  
Asociacion Ambiente y Sociedad  
CESTA Friends of the Earth El Salvador  
Hub Finanzas Sostenibles El Salvador  
Maan ystävät / Friends of the Earth Finland  
Les Amis de la Terre France / Friends of the Earth France  
350.org  
The Greens Movement of Georgia/FoE Georgia  
urgewald  
AbibiNsroma Foundation ANF  
Alliance for Empowering Rural Communities  
Justice Institute Guyana Inc.  
Global Witness  
GreenFaith  
ReCommon  
The Climate Reality Project Latin America  
AtEdible  
Sustainable Development Institute (SDI)  
Arab Watch Coalition  
Climate Finance Group for Latin America and the Caribbean  
GFLAC  
Ecoevolucionaria  
Reclame Fossilvrij (Fossil Free Advertising)  
milieudéfense  
Social Tipping Point Coalitie  
Transnational Institute  
Hub de Finanzas Sostenibles de Panamá

Solutions For Our Climate  
Friends of the Earth, Sweden /Jordens Vänner  
Both ENDS  
Recourse  
BankTrack  
Centre for Citizens Conserving Environment & Management (CECIC)  
Africa Institute for Energy Governance  
Environmental Investigation Agency (EIA)  
Friends of the Earth US  
Rainforest Action Network  
Earth Action, Inc.  
Church Women United in New York State  
Accelerate Neighborhood Climate Action  
Businesses for a Livable Climate  
Call to Action Colorado  
CatholicNetwork US  
Colorado Businesses for a Livable Climate  
Mental Health & Inclusion Ministries  
RapidShift Network  
Save EPA  
Community for Sustainable Energy  
Greater New Orleans Housing Alliance  
Interstate 70 Citizens Advisory Group  
Indivisible Ambassadors  
Mayfair Park Neighborhood Association  
Montbello Neighborhood Improvement Association  
North Range Concerned Citizens  
Small Business Alliance  
Southwest Organization for Sustainability  
Green House Collaboration Center  
Unite Metro North Denver  
Wall of Women  
Western Slope Businesses for a Livable Climate  
Working for Racial Equity  
Littleton Business Alliance  
Womxn from the Mountain  
Spirit of the Sun  
350 Silicon Valley  
Jóvenes Parlamentarios de la región ucayali  
Clean Air Partnership  
Ecology Action Centre  
Wilderness Committee  
Climate Justice Saskatoon  
Canadian Environmental Law Association

Friends of the Earth Canada  
ClimateFast  
Canadian Voice of Women for Peace  
Inter Pares  
Georgia Strait Alliance  
Seniors For Climate Action Now