

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.¹ 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.²

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.

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

² 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.³
- 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 Cabinet⁴ 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.⁵ 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.⁶ Lastly, carve-outs for domestic

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

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

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

⁶ 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.⁷

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.⁸

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

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

⁸ 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)
milieuddefensie
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