

# COP27: Canada Expectation Setting

## ‘The Canadian Package’



environmental  
defence

This year’s UN climate negotiations are taking place in Sharm El-Sheik, Egypt from November 6 to November 19. At last year’s COP26, negotiators finally brought discussions around the Paris Agreement “rulebook” to a close. The theme for this year’s COP27 is implementation.

[A recent report from the UN](#) reminds us that national climate plans still put us on track for 2.5°C of heating, which would be catastrophic for people and ecosystems around the world. [Canada’s current plans](#) would put the world on track for a devastating 4°C of heating.

Amidst energy security and affordability concerns, countries must stick to their commitments and accelerate the shift towards affordable, reliable and clean energy. The war in Ukraine laid bare the risks of relying on fossil fuels. [The surging price of fossil fuels](#) has caused the current period of inflation that impacts Canadians and people around the world, and also record profits for oil and gas companies. [Clean renewable energy is now more than ever crucial](#) for global peace and stability as well as providing people around the world with access to clean, affordable and reliable energy.

### Issues of local importance: loss and damage; the “dash for gas” across Africa & a call for climate justice

- The litmus test for whether COP27 is successful or not will be the development of a loss and damage funding mechanism. Countries in the Global South are disproportionately experiencing climate-related impacts that cannot be avoided or adapted to, for example the loss of lives, livelihoods and species, the damage to vital infrastructure that needs to be repaired after climate disasters, the costs of unavoidable relocation. This is what is referred to in the UN space as “loss and damage.” The economic cost of loss and damage by 2030 is projected to be between [USD 290 and 580 billion](#) in developing countries alone, and this does not include non-economic losses such as loss of life, culture, or territory, amongst other factors. Though Global South countries have been asking for it for decades, currently there is no finance mechanism to address loss and damage. At COP26, countries agreed to explore ways to fix this gap and create a new facility for addressing loss and damage.
- Another prominent issue at this year’s COP is that European countries are currently scrambling to access Africa’s gas resources. This poses a major threat to the future of energy access and development in Africa. [The Don’t Gas Africa](#) campaign draws attention to the risks associated with Europe’s dangerous and short-sighted “dash to gas.” There is real concern that expanding gas production will saddling African countries with debts for export-oriented gas production for which there will be fewer and fewer customers as demand drops, leaving African people on the hook to cover the costs of these stranded assets.

Canadian companies like Recon Africa are also [irresponsibly pursuing fossil fuel developments in Africa](#), where their activities are poised to violate human and

Indigenous rights, destroy critical ecosystems, jeopardize the drinking water of over a million people and threaten local livelihoods.

- [The COP27 Coalition](#) is led by Egyptian, African, and Arab civil society groups with the primary goal of centering climate justice and voices from the Global South at COP27. Demands from this coalition for COP27 include the payment of climate debt from rich nations and debt cancellation ((more on loss and damage below); no false solutions, given that Africa and other developing countries have become a dumping ground for false climate solutions; and solidarity with those exposed to climate injustice. [The Egyptian human rights coalition has launched a petition](#) to express their concerns with the human rights situation in Egypt.

## Context

### Canada's Climate Track Record

Canada continues to be one of the largest contributors to the climate crisis.

- [Canada ranks last](#) in the G7 on climate progress.
- We have among the [worst emissions per capita](#) in the G20.
- Canada is among the countries with the [biggest oil and gas expansion plans](#).
- On the solutions side, [Canada added less solar and wind generation](#) in the last five years than almost any other G20 country.

### What was promised at COP26 last year

[Many commitments were made at COP26](#) last year, collectively referred to as the "Glasgow Climate Pact". Among these, countries promised to:

- Present strengthened climate plans ahead of COP27, rather than waiting until 2025, in acknowledgement of the significant gap between where national climate plans are and the goal of the Paris Agreement to limit temperature rise to 1.5°C.
- Discuss the creation of a mechanism to finance loss and damage experienced in developing nations.
- Deliver the long awaited \$100 billion from wealthy countries to assist developing countries to both expand their clean energy systems - leapfrogging dirty fossil fuels - and protect their people by ramping up adaptation investments (what is referred to as 'climate finance').
- End public financing for international fossil fuel projects.

Despite fossil fuels being the main drivers of the climate crisis, COP26 was the first ever COP to explicitly target action against fossil fuels, calling for a phasedown of unabated coal use and phaseout of fossil fuel subsidies.

## What Canada needs to deliver at COP27

### 1 A Stronger Climate Plan - Nationally Determined Contribution

At COP26 countries were asked to strengthen their climate pledges (referred to as Nationally Determined Contributions or NDCs in UN jargon). Canada has not yet done so.

The Government of Canada must show up to next week's climate talks with an enhanced NDC that aligns with Canada doing its fair share to limit temperature rise to 1.5°C, and that accounts for global fairness and equity. [That translates into a target of 60 per cent domestic reductions by 2030](#), coupled with overseas investments to generate additional reductions equivalent to 80 per cent of Canada's 2005 emissions.

## **2. End to Public Financing of Fossil Fuels and progress on the Glasgow Statement**

At COP27, the Government of Canada must release a new plan to show how it intends to keep its promises to cut public funding of fossil fuels - without any loopholes.

Last year at COP26, Canada joined 39 other countries and institutions – including the US, UK, and Germany – in [signing a landmark agreement](#) to stop providing public finance for fossil fuel projects abroad and prioritize support for clean energy by the end of 2022, known as the Glasgow Statement.

Canada is one of only a handful of signatories with significant public finance flows [that has still not turned the Glasgow pledge into action](#) by delivering on a Glasgow-aligned policy. Canada is under extra scrutiny as one of the largest fossil fuel financiers both in the G20 and among the signatories of the pledge.

## **3. Direction to align Canada's private financial flows with climate commitments**

At COP27, the Minister of Finance should show leadership by committing to building the policy and regulation that we need for a net-zero financial system. This would include requiring Canada's banks, pension plans, and crown corporations to publish and adopt Credible Climate Plans that reflect the scientific consensus.

Canada's banks are some of the largest financiers of fossil fuels, having [invested over C\\$900-billion](#) since the Paris Agreement in 2016. If the emissions from Canada's eight largest banks were aggregated, it would be equivalent to the [fifth largest polluter](#) relative to global countries. Our financial system is still investing in worsening climate change - but the financial system will become less stable as climate change escalates. Canada must deliver policy and regulation to stop the financial sector from investing in its own climate market crash.

Unlike other jurisdictions, Canada is not using the policy levers at its disposal. The government [announced intentions](#) to make financial institutions align with net-zero, but has made little progress. Delaying sound climate finance policy creates [a bigger negative shock](#) to the financial system - which has negative ripple effects for everyday Canadians through their banks, pensions, and insurance.

#### **4. A target for Canada's proposed emissions cap on the oil and gas sector**

At COP26, [Prime Minister Justin Trudeau promised to](#) “cap oil and gas sector emissions today, and ensure they decrease tomorrow at a pace and scale needed to reach net-zero by 2050.”

A year later, and the new rules are still being developed. At this year's climate talks, [the Government of Canada should announce](#) a clear pathway for the emissions cap, including a 2026 and 2030 cap level.

#### **5. Deliver on climate finance and loss and damage**

[In 2009](#), developed countries committed to a collective goal of mobilizing USD 100 billion per year by 2020 and through 2025 for climate action in developing countries - to assist developing countries to reduce their own emissions and address the climate impacts they face. This international climate finance system is intended to support countries in the Global South in their efforts to expand their clean energy systems - leapfrogging dirty fossil fuels - and protect their people by ramping up adaptation investments.

This is a separate commitment to the creation of a mechanism to finance loss and damage experienced in developing nations - but Canada must show leadership on both. As a wealthy country and one of the largest contributors to the climate crisis, Canada must pay its climate debt.

- Canada recently doubled its contribution to CAD \$5.3 billion over the next five years, but this continues to fall short of Canada's fair share. Canada must increase its climate finance mobilization by announcing an additional CAD 1 billion yearly until 2025. In addition, Canada must commit to ensuring that 50% of all climate finance is targeted for adaptation, and that it is delivered in grants not loans.
- Canada must support the creation of a separate mechanism that coordinates and mobilizes financial support to address losses and damages in developing countries. Canada must also commit new and additional finance to address losses and damages through this new mechanism.

Funds for loss and damage can be raised through the implementation of a windfall tax on oil and gas companies, as Canada's peers have already done. It is an injustice that polluters who are disproportionately responsible for the escalating greenhouse gas emissions continue to reap these enormous profits while climate-vulnerable countries are left to foot the bill for the climate impacts destroying people's lives, homes and jobs.

#### **6. Publicly recognize the role of oil and gas in driving the climate crisis**

Fossil fuels are driving the climate crisis. [Over 75%](#) of global GHG emissions are from fossil fuels. However, fossil fuels have also historically been absent from the conversations at COPs. They are not even mentioned in the Paris Agreement. COP26 was a break-through: the Glasgow Climate Pact mentioned fossil fuels explicitly.

A new alliance was launched by Denmark and Costa Rica of 14 national and subnational governments committed to moving away from oil and gas, [the Beyond Oil and Gas Alliance](#). Though Quebec has joined the alliance, Canada has not.

During [the time Prime Minister Trudeau has been the head of state](#), Canada's oil production has increased about 25 per cent and gas production has increased 7 per cent. Governments need to leave COP27 with clear commitments to stop all new oil and gas production and wind down existing production.

### **Canadian Presence at COP27**

In addition to the Government of Canada's negotiating team, high level politicians - including Ministers and Members of Parliament from across the political spectrum - will be attending. There will also be representatives from provincial governments, including the Government of Alberta. [Given comments made by Premier Smith](#), it is clear that the Government of Alberta is attending in order to promote oil and gas, rather than bolster climate action. In 2020, [Alberta accounted for 38%](#) of the country's climate pollution - far more than any other province. It is one of the only provinces in Canada that [hasn't set 2030 or 3050 climate targets](#). For the first time, the Government of Canada is hosting a [Canada Pavilion](#) at COP27.

About [90 heads of state](#) are confirmed to attend the climate summit, [including President Biden](#). Prime Minister Trudeau has not yet confirmed whether he will attend. The Prime Minister's failure to attend would be a disappointing signal that Canada is not committed to improving the country's poor track record.

Unfortunately, fossil fuel lobbyists are generally present at COP in order to influence - and slow down - climate decision-making. At COP26, representatives from Suncor and Fortis BC were actually allowed to be [part of Canada's official delegation](#). In fact, [analysis shows that at COP26](#) there were at least 500 fossil fuel lobbyists as part of official delegations globally. Fossil fuel lobbyists as a block outnumbered the biggest country delegation. The list of delegates for COP27 has not yet been released. However the Pathways Alliance - the association of six oil companies responsible for over 90 per cent of the oil production in the oil sands (Suncor Energy, Cenovus Energy, Imperial Oil, CNRL, MEG Energy, and ConocoPhillips Canada) - is hosting an event at the Canada Pavilion.