

## Summary

Canada continues to provide large amounts of support to fossil fuels, mostly via public finance to oil and gas production, where it ranks last among the G20 Organisation for Economic Cooperation and Development (OECD) member countries.

**BIGGEST RED FLAG** → Canada ranks worst among G20 countries for public finance for fossil fuels on a per GDP basis. It provides USD 11.1 billion per year in public finance for oil and gas, both domestically and internationally, through its export credit agency, Export Development Canada (Export Development Canada, 2019; Oil Change International, 2020; Tucker et al., 2020).

**PROGRESS** → Canada has continued phasing out several measures of government support for fossil fuel exploration and production. In its 2017 budget, Canada continued reforms for certain tax deductions until 2022 (Government of Canada, 2017). However, total government support for oil and gas production increased by 17% relative to 2014–2016 averages, with a shift in focus from an emphasis on exploration to one on the development of infrastructure for production and

### Overall ranking and score (out of 11 countries)

5<sup>th</sup>

53/100

1. Transparency	3 <sup>rd</sup> / Mediocre	<b>\$14.3 billion</b> total government support to fossil fuels, 2017–2019 average, USD (\$60 million direct transfers, \$2.3 billion tax expenditure, \$11.6 billion public finance, \$317 million SOE investment)
2. Pledges and commitments	4 <sup>th</sup> / Mediocre	
3. Scale of support for coal exploration, production, processing, and transportation	3 <sup>rd</sup> / Very low	<b>\$9 million</b> of support to coal exploration, production, processing, and transportation
4. Scale of support for oil and gas exploration, production, refining, and transportation	11 <sup>th</sup> / High	<b>\$12.6 billion</b> of support to oil and gas exploration, production, refining, and transportation
5. Scale of support for fossil fuel power	7 <sup>th</sup> / Medium	<b>\$533 million</b> of support to fossil fuel-based power
6. Scale of support for fossil fuel use	1 <sup>st</sup> / Low	<b>\$1.1 billion</b> of support to fossil fuel use
7. Progress in ending support for fossil fuels	11 <sup>th</sup> / Very poor	<b>12% increase</b> in total government support for fossil fuels relative to the 2014–2016 average

See Table 2 in the main report for score descriptions and their relationship to numerical scores. Estimates in the table are in USD (\$) and are annual averages based on the following sources:

- For direct transfers and tax expenditure: OECD (2020) data, 2017–2019 averages
- For induced transfers: International Energy Agency (2020) data, 2017–2019 averages
- For public finance: Oil Change International (2020) data collected from several sources, 2017–2018 averages
- For state-owned enterprise investment: capex data collected by Overseas Development Institute (2020) from annual reports, 2017–2019 averages

export, in particular for liquefied natural gas (Corkal & Gass, 2019; Corkal et al., 2020). Canada has increased its overall support to fossil fuels by 12% relative to 2014–2016.

**MAIN UNACCOUNTED FOR AND UNQUANTIFIED SUPPORT** → In 2018, Canada purchased the Trans Mountain Pipeline and Expansion project from Kinder Morgan for CAD 4.5 billion (construction costs estimated at CAD 12.6 billion) (Department of Finance Canada, 2018a; Kapelos & Tasker, 2020). Total government support for the project, including loan guarantees, is unaccounted for. Canada also provided a loan of up to CAD 500 million for the Coastal GasLink pipeline (Export Development Canada, 2020).

**COVID-19 GOVERNMENT SUPPORT** → The Province of Alberta injected USD 1.1 billion in equity and announced a USD 4.3 billion loan guarantee for TC Energy's Keystone XL pipeline in April 2020. Export Development Canada, Business Development Canada, and the Canada Development Investment Corporation are the main vehicles for providing credit to fossil fuel producers in response to impacts from COVID-19, including through the Business Availability Credit Program (IISD et al., 2020). Transparency on spending from these institutions is low, and there is little information so far on the recipients of COVID-19 relief or the types of conditions that will be applied (Hamilton et al., 2020).

**TRANSPARENCY & PEER REVIEWS** → Canada committed to undergoing a G20 peer review of fossil fuel subsidies with Argentina in 2018, but the review is significantly behind schedule, and there has been little transparency on what measures it will include (Department of Finance Canada, 2018b; Rabson, 2019).

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