

December 11, 2017

The Right Honourable Justin Trudeau, P.C., M.P., Prime Minister of Canada
The Honourable Scott Brison, P.C., M.P., President of the Treasury Board
The Honourable William Morneau, P.C., M.P., Minister of Finance
The Honourable James Carr, P.C., M.P., Minister of Natural Resources
The Honourable Catherine McKenna, P.C., M.P., Minister of Environment and Climate Change
The Honourable François-Philippe Champagne P.C., M.P., Minister of International Trade

Dear Prime Minister and Honourable Ministers:

We, the undersigned are writing to press upon the Government of Canada the importance of fulfilling its commitments to the G7 and G20 to reform and phase out fossil fuel subsidies in Canada over the medium term. We note that Canada has made some progress on this issue, notably in Budget 2017, but still has a significant way to go. As a result the commitments in Minister Morneau and Minister McKenna's mandate letters remain unfulfilled.

Fossil fuel subsidies encourage wasteful consumption and undermine policy and regulatory approaches that seek to address climate change. The latest analysis undertaken by the International Institute for Sustainable Development identifies roughly CAD \$1.6 billion in federal fossil fuel subsidies in Canada. The Auditor General of Canada also expressed concerns about the continued subsidization of fossil fuels and a lack of transparency on the part of the federal government in tracking and reporting on subsidies.

Now is the moment, with an eye to the country's 2018 G7 Presidency, for Canada to commit to undertaking a fossil fuel subsidy review under the G20 process. It is through this process that Canadians will finally have a transparent, public-facing, globally-available document that highlights the seriousness of Canada's commitment to transitioning away from subsidized fossil fuel energy, and indicates how this will happen. This review should present a clear inventory of subsidies, a timeline for phase out, and an indication of how the transition will occur.

Several G7 members have already availed themselves of the peer review process: the United States and Germany have completed it in partnership with China and Mexico respectively, while Italy's review in partnership with Indonesia is in progress. It is time for Canada to volunteer. Failure to commit to this initiative before Canada's hosting of the next G7 Summit would indicate a lack of leadership on this extremely important global issue, and more generally a lost opportunity as G7 President to ensure that Canada's positive rhetoric on climate action and multilateral convening power is funneled into concrete and measurable international climate action to address global climate change at a time when the world is watching.

With the Pan-Canadian Framework on Clean Growth and Climate Change and a national plan for carbon pricing, Canada has entered into a new era of climate action. Canada's fossil fuel subsidies act as a negative carbon price and undermine our action to reduce emissions, making it that much harder to meet our nationally determined contribution under the Paris Agreement.

We the undersigned, thank the Government of Canada for its commitment to climate action to date, but note that following through on commitment to fossil fuel subsidy reform, including the peer review under the G20 process, is essential to ensure continued progress.

Sincerely,

1. Abibimman Foundation (Ghana)
2. Canadian Association of Physicians for the Environment
3. Canadian Council for International Co-operation
4. Canadians for Clean Prosperity
5. Canadian Environmental Law Association
6. Canadian Union of Postal Workers
7. Canadian Unitarians for Social Justice
8. Centre de recherche en éthique (Canada)
9. Change Partnership (EU)
10. Citizens' Climate Lobby Canada
11. Citizens for Public Justice (Canada)
12. Clean Energy Canada
13. Climate Action Network Canada
14. Climate Action Network International
15. ClimateFast (Canada)
16. David Suzuki Foundation (Canada)
17. Ecology Action Centre (Canada)
18. Energy Mix Productions (Canada)
19. Environmental Defence (Canada)
20. Équiterre (Canada)
21. For Our Grandchildren (Canada)
22. Friends of the Earth Canada
23. Fundacion Ambiente y Recursos Naturales (Argentina)
24. Green Neighbours 21 (Canada)
25. Green 13 Toronto
26. International Institute for Sustainable Development
27. Natural Resources Defense Council (Canada & US)
28. Oil Change International
29. Polaris Institute (Canada)
30. Rapid Decarbonization Group (Canada)
31. Sierra Club Canada Foundation
32. Stand.earth (Canada & US)
33. The Climate Reality Project Canada
34. The Council of Canadians
35. Transition Initiative Kenora
36. Vegans & Vegetarians of Alberta
37. Windfall Ecology Centre (Canada)
38. WWF-Canada