

A Canadian senator aims to end the widespread financial backing of fossil fuels

November 7 2022, by Bruce Campbell

The [United Nations climate change conference, COP27](#), has begun in Sharm el-Sheikh, Egypt. In the lead-up to the conference, UN Secretary General Antonio Guterres said the recent [Intergovernmental Panel on Climate Change](#) report revealed "[a litany of broken climate promises](#)" by [governments and corporations](#).

"It is a file of shame, cataloguing the empty pledges that put us firmly on track toward an unlivable world," he said.

Canada is high on the list of empty pledges. The government's COP26 commitment to reduce [carbon emissions](#) by 40 to 45 percent by 2030—enacted by the Canadian [Net-Zero Emissions Accountability Act](#)—is not only seen as an inadequate target, it's also been sharply criticized for [lacking the necessary action to meet its commitments](#). That's deservedly so, given its poor track record in meeting past targets.

A report commissioned by the [International Institute for Sustainable Development](#) has found that high-income countries like Canada must cut oil and gas output by 74 percent by 2030 and end production by 2034 to keep global warming within 1.5 C. And yet [Canada's national energy regulator](#) anticipates oil production will keep increasing until 2040 and decline only slightly after that.

Financing oil production

Despite the proliferation of [climate](#)-related disasters across Canada and around the globe, the Liberal government of Prime Minister Justin Trudeau bought—and continues to guarantee—[bank financing of the Trans Mountain pipeline](#). It will carry oilsands bitumen to the West Coast.

The [federal government](#) also approved the [Bay du Nord](#) oil development project off the coast of Newfoundland, which aims to double [oil production](#) by 2030. The [Coastal GasLink pipeline](#) across Northern British Columbia is also supported by government money.

Governments have turned a blind eye to the role of financial institutions that are responsible for the lion's share of money pumped into the Canadian fossil fuel industry.

The Big Five banks—RBC, TD, Scotiabank, BMO and CIBC— are [among the 20 largest funders of fossil fuels globally](#) and have loaned or [invested more than \\$900 million in fossil fuels](#) since the [2015 Paris Agreement](#).

Roughly 20 percent of their directors also serve on the boards of fossil fuel companies. [Sun Life and Manulife Insurance](#) together hold almost \$20 billion worth of investments in coal companies.

Despite touting their questionable sustainable financing credentials, [Canada's major financial institutions have only committed to reducing the carbon intensity](#) of their fossil fuel clients' activities. They have yet to commit to reducing absolute emissions.

In the public sector, [Export Development Canada](#) provides oil and gas companies with considerable financing, loan guarantees and insurance.

[Canadian and Québec pension plans](#) hold billions of dollars in fossil fuel

investments. While the Québec plan—[CDPO](#)—has committed to divest from oil producers by the end of 2022, the Canada Pension Plan continues to explicitly rule out divestment.

Senator proposes real climate action

Amid this sea of hypocrisy, delusion and denialism—["Blah blah blah," in the words of climate activist Greta Thunberg](#)—there are a few bright spots in Canadian Parliament.

One resides in the Senate. Independent Québec Sen. [Rosa Galvez](#), one of Canada's foremost experts in pollution control, was a professor of environmental engineering at Laval University for more than 25 years before being [appointed to the Senate in 2016 by Trudeau](#).

Galvez has called for ambitious and coherent government intervention to [address the risks that financial institutions pose to climate](#) and to shield financial institutions from system failure.

ESA's 2022 Regional Policy Award winner is the Honorable Rosa Galvez, an independent Senator for Quebec
<https://t.co/9NcTxaiZlp>

"We have to keep pushing, and eventually there will be no choice. We have to move."

Thank you for your work! pic.twitter.com/GFRllLeAgH

— Ecological Society (@ESA_org) [August 14, 2022](#)

She's called out conflicts of interest by bank directors who concurrently serve on fossil fuel corporate boards, [alleging earlier this year](#): "It's just a big family..."

In March 2022, Galvez tabled Bill S-243, the Climate Aligned Finance Act, aimed at holding governments and financial institutions to account for their actions. She outlined her legislation in a keynote speech at the [Group of 78 conference](#) in September.

The act would:

- Hold corporate directors, officers and administrators accountable for meeting the companies' climate commitments.
- Mandate corporate climate action plans and targets with annual progress reports.
- Ensure that boards have the necessary climate expertise and ensure no conflicts of interest exist.
- Align existing laws for the relevant government organizations to climate priorities, including requiring the federal supervisor, the Office of the Superintendent of Financial Institutions (OSFI), to mandate climate targets.

Facing pushback

A recent [report examining the carbon footprint of banks](#) is calling for the adoption of the Climate Aligned Finance Act as soon as possible.

However, it faces major pushback from financial and fossil fuel corporations and from politicians and senior government officials.

To stand a chance of becoming law, it will require aggressive advocacy by climate-committed citizens' groups and politicians at all levels of government. If successful, it would be an important step toward phasing out fossil fuel production in Canada in line with scientific and UN warnings.

The Trudeau government's climate incrementalism doesn't inspire

optimism. The record of most provincial governments inspires even less. The [rise of authoritarian populism](#) accompanied by climate denialism within a large segment of the Conservative base presents an even more disturbing roadblock to effective action on climate change.

In the 1930s, philosopher Antonio Gramsci wrote of "[the pessimism of the intellect, the optimism of the will](#)," contrasting his pessimistic analysis of the present with hope for the future.

With planetary survival in peril, voices like Galvez's offer some optimism. But she'll need Canadians to rally around her proposals—and fast.

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