

Federal Fossil Fuel Subsidies in Canada:

COVID-19 edition

GSI REPORT



Vanessa Corkal



© 2021 International Institute for Sustainable Development
Published by the International Institute for Sustainable Development
This publication is licensed under a [Creative Commons Attribution-NonCommercial-ShareAlike 4.0 International License](https://creativecommons.org/licenses/by-nc-sa/4.0/).

International Institute for Sustainable Development

The International Institute for Sustainable Development (IISD) is an award-winning independent think tank working to accelerate solutions for a stable climate, sustainable resource management, and fair economies. Our work inspires better decisions and sparks meaningful action to help people and the planet thrive. We shine a light on what can be achieved when governments, businesses, non-profits, and communities come together. IISD's staff of more than 120 people, plus over 150 associates and consultants, come from across the globe and from many disciplines. Our work affects lives in nearly 100 countries.

IISD is a registered charitable organization in Canada and has 501(c)(3) status in the United States. IISD receives core operating support from the Province of Manitoba and project funding from governments inside and outside Canada, United Nations agencies, foundations, the private sector, and individuals.

Global Subsidies Initiative

The IISD Global Subsidies Initiative (GSI) supports international processes, national governments and civil society organizations to align subsidies with sustainable development. GSI does this by promoting transparency on the nature and size of subsidies; evaluating the economic, social and environmental impacts of subsidies; and, where necessary, advising on how inefficient and wasteful subsidies can best be reformed. GSI is headquartered in Geneva, Switzerland, and works with partners located around the world. Its principal funders have included the governments of Denmark, Finland, New Zealand, Norway, Sweden, Switzerland and the United Kingdom, as well as the KR Foundation.

Federal Fossil Fuel Subsidies in Canada: COVID-19 edition

February 2021

Written by Vanessa Corkal

Head Office

111 Lombard Avenue, Suite 325
Winnipeg, Manitoba
Canada R3B 0T4

Tel: +1 (204) 958-7700

Website: www.iisd.org

Twitter: @IISD_news

Global Subsidies Initiative

International Environment
House 2,
7-9 chemin de Balxert
1219 Châtelaine
Geneva, Switzerland
Canada R3B 0T4

Tel: +1 (204) 958-7700

Website: www.iisd.org/gsi

Twitter: @globalsubsidies



Table of Contents

- 1.0 Preface 1**
- 2.0 Current Inventory..... 4**
 - 2.1 Non-Tax Subsidies 4
 - 2.1 Unpacking Non-Tax Fossil Fuel Subsidies Provided During COVID—19 9
 - 2.2 Tax-Related Subsidies 10
- References 13**
- Appendix 1. Methodology 20**



1.0 Preface

This brief provides an inventory of federal fossil fuel subsidies announced in the period January to December 2020.¹ **In total, the Canadian government provided at least CAD 1.91 billion in fossil fuel subsidies in 2020, a jump of over 200% from 2019 levels.** This level is also higher than what was identified in previous IISD inventories (Corkal, Levin, et al., 2020; Touchette & Gass, 2018). The vast majority of the amount that IISD was able to quantify can be attributed to two measures announced in the wake of the COVID-19 pandemic: federal funding for orphan and abandoned wells, and a direct transfer to support Newfoundland's offshore oil industry. Despite being fossil fuel subsidies, it is important to note that both of these measures have strong links to employment, and the former also has environmental benefits. Measures to protect employment have increasingly become an area of focus during the global COVID-19 pandemic, and it is critical that the social impacts of the pandemic are addressed. Broad energy-related recovery measures are further explored in IISD's Recovery Through Reform briefs (see Beedell, 2021; Corkal, 2021; Corkal & Beedell, 2021).

Direct spending on fossil fuels under non-COVID-19-related federal initiatives appears to have declined (CAD 90 million compared to CAD 600 million in 2019–2020). It is difficult to determine if this is due to concerted measures to reduce subsidies, a lag in reporting, or reduced industrial activity during the pandemic. It is possible all three of these factors influence this decline.

The CAD 1.91 billion figure for 2020 is also incomplete. There is insufficient data available to fully document the level of subsidies provided at the federal level, including via COVID-19-related programs for the fossil fuel sector, such as through the Emissions Reduction Fund and liquidity support provided by Export Development Canada (EDC) and the Business Development Bank of Canada (BDC). In addition, data continues to be lacking for most tax-related subsidies, subsidies related to the Trans Mountain Pipeline, ongoing public finance for fossil fuels provided through EDC, and several other federal programs. Finally, this report also does not reference fossil fuel subsidies at the provincial and territorial levels, which are overall higher than federal totals.²

While there are clear social and environmental elements of some of the subsidies provided since the onset of the pandemic, this cannot be said of all measures introduced. Governments must be rigorous in determining whether subsidies truly provide the best value for money (as opposed to, for example, regulations) and whether subsidies achieve stated objectives (for example, job creation). If government is considering potential new subsidies, they should be evaluated to determine whether they are the only viable options as well as the most effective and efficient

¹ In this inventory, we have taken care to not duplicate any entries captured in our previous inventory, *Canada's Federal Fossil Fuel Subsidies in 2020*, which captured other investments from FY 2019–20 (Corkal, Levin, et al., 2020).

² See subnational reports for Ontario (Corkal & Gass, 2019c), British Columbia (Corkal & Gass, 2019a), Alberta (IISD & Environmental Defence, 2019), Quebec (Equiterre & IISD, 2018) and Nunavut (Touchette et al., 2017).



ways to achieve objectives (Corkal & Gass, 2019b). As the government continues to provide unprecedented amounts of recovery funds in response to COVID-19, it is vital that public spending does not waste public resources or create opportunity costs that slow down transition to an economy with net-zero emissions. All stimulus should adhere to strict conditions and principles to align government spending on economic recovery with the urgent need for climate action (Corkal, Gass, et al., 2020).

Over a decade ago, the Canadian government committed to phasing out “inefficient fossil fuel subsidies” (G20, 2009).³ Since then, the urgency of the climate crisis has become ever clearer. To have any chance of limiting global warming to 1.5°C, the world needs to reduce production of fossil fuels by around 6% per year to 2030 (Stockholm Environment Institute [SEI] et al., 2020). Put simply, fossil fuel subsidies work against this. While there has been some progress on subsidy reform in Canada, there is a lot more to be done. In a recent scorecard, Canada ranked last among Organisation for Economic Co-operation and Development (OECD) countries in the G20 in progress on phasing out support for fossil fuels (Geddes et al., 2020).

Canada recently unveiled a strengthened climate plan to support its target of net-zero emissions by 2050, which includes a commendably ambitious approach on carbon pricing to reach CAD 170 per tonne by 2030 (Environment and Climate Change Canada, 2020). These new efforts must be accompanied by fossil fuel subsidy reform. Although Canada reaffirmed its G20 commitment in the new climate plan, a detailed path forward has not yet been provided. As fossil fuel subsidies incent the same consumption and production of fossil fuels that carbon pricing aims to reduce, combining carbon pricing and fossil fuel subsidies is like trying to bail water out of a leaky boat. **Ultimately, fossil fuel subsidies are not consistent with net-zero commitments.**

As in past inventories, we continue to recommend concrete actions to implement fossil fuel subsidy reform (Corkal, Levin, et al., 2020). The following are recommendations to government to phase out fossil fuel subsidies as Canada recovers from the impacts of COVID-19:

- Commit to not introducing new subsidies for fossil fuels unless no other viable alternatives exist. If new subsidies are introduced, such as those to respond to COVID-19 or those focused on emission reductions, or protection of workers or employment, they should be time limited and adhere to strict conditions and principles. This should include what is outlined in the report *Green Strings: Principles & Conditions for a Green Recovery From COVID-19 in Canada* (Corkal, Gass, et al., 2020).
- Transparently release information on quantified amounts of all federal fossil fuel subsidies and support, including those listed in this report and any additional measures provided in response to COVID-19, on an annual basis. This should build on the government’s efforts

³ The term “inefficient” was adopted by the G20 and does not have a clear definition, although it is intended to encompass subsidies that encourage “wasteful consumption” and “undermine efforts to deal with the threat of climate change” (G20, 2009). IISD has made recommendations to government to use a robust definition of efficiency that encompasses social, environmental and economic costs of subsidies (Corkal & Gass, 2019b).



to report on fossil fuel-specific tax measures in the 2020 *Report on Federal Tax Expenditures* (Department of Finance Canada, 2020c). Even subsidies that have valuable social, economic, or environmental outcomes as their goal should be transparently accounted and reported.

- Provide a public update on the G20 peer review of fossil fuel subsidies with Argentina, and complete the review within the first half of 2021, given that the review is significantly behind schedule by several years (Rabson, 2019). The review should use internationally agreed-upon definitions for subsidies and robust criteria for determining “inefficient” fossil fuel subsidies. If necessary, the normal review meetings can be conducted virtually to protect public health while still expediting progress.
- Develop and publish a roadmap to achieve Canada’s commitment to phase out inefficient fossil fuel subsidies by 2025. This should be complemented by the concrete implementation of just transition measures for fossil fuel workers and communities, including embedding subsidy reform approaches into upcoming just transition legislation. Savings from subsidy reform can be directed to support just transition (Gass & Echeverría, 2017).
- Ensure that EDC’s policies align with Canada’s climate change and subsidy phase-out commitments. Public finance has both subsidy and non-subsidy components, and public finance for fossil fuels contradicts pledges to “finance flows consistent with a pathway toward low greenhouse gas emissions and climate-resilient development” (Geddes et al., 2020; UNFCCC, 2015, Article 2.1c). Canada must phase out public finance for fossil fuels, following the example set by the United Kingdom to end all public finance for oil and gas overseas (Shankleman, 2020).
- Include fossil fuel subsidy reform as a key element of focus in Canada’s next Nationally Determined Contribution to the Paris Agreement. Subsidy reform acts as a valuable lever to contribute to emissions reduction targets (Merrill et al., 2019).
- Work with the provinces and territories to address fossil fuel subsidies at the subnational level and allow subnational governments the opportunity to engage in the peer review process.



2.0 Current Inventory

In evaluating subsidies,⁴ IISD uses the World Trade Organization (WTO) definition of subsidies from the Agreement on Subsidies and Countervailing Measures (WTO, n.d.), which is used by authoritative inventories and processes around the world (Gerasimchuk et al., 2017). The WTO definition is also used by the OECD, which acts as the facilitator for the G20 peer review process. This definition is outlined in detail in Appendix 1. In short, the WTO definition covers financial benefits provided to a specific business, group or industry, including direct transfers, foregone government revenue (such as tax exemptions), transfer of risk (including through public finance), and provision of goods and services (for further details, see Appendix 1). This subsidy definition is universally accepted by the WTO's 164 member countries, including Canada.

The WTO definition is also the standard for the internationally agreed-upon United Nations Sustainable Development Goal (SDG) Indicator 12.c.1,⁵ which has been adopted as the way for countries to measure their progress against the SDGs. The methodology for this indicator relies on established approaches that have been used by the OECD, the International Energy Agency, the International Monetary Fund, and individual countries. The SDG 12.c.1 methodology has also been reviewed by an expert group and the UN Committee on Environmental Economy Accounting (Campbell, 2018).

All items listed in this report qualify as subsidies under the WTO definition. IISD uses the same approach in all our subsidy inventories around the world. For further information on IISD's methodology, please refer to Appendix 1.

2.1 Non-Tax Subsidies

Most non-tax fossil fuel subsidies in Canada that are quantifiable take the form of direct transfers (Table 1). In 2020, there were also significant transfers related to COVID-19 (Energy Policy Tracker, 2020). Direct transfers include investments for infrastructure or technology in the fossil fuel sector, including those with emission reductions or other environmental benefits. Direct transfers with environmental benefits are still subsidies under the WTO definition and are included here for transparency (Laan & Corkal, 2020; WTO, n.d.).

Non-tax measures that are not quantifiable due to a lack of available data are listed in Table 2. Some of these are also direct transfers for which disaggregated information is lacking or where recipients of funding programs have not yet been announced. However, several subsidies in this table are related to the provision of loans, including by public finance institutions. This includes measures introduced as liquidity support in response to COVID-19. Identifying the subsidy

⁴ The following Methodology text appeared previously in Corkal, V., Levin et al. (2020).

⁵ "Amount of fossil fuel subsidies per unit of GDP (production and consumption) and as a proportion of total national expenditure on fossil fuels" (United Nations, 2019).



component of these measures is not possible due to lack of transparency on funding amounts and terms from government (Corkal, Levin, et al., 2020).

Table 1. Quantifiable non-tax subsidies in 2020 (in CAD million)

Investment/program name	Amount tracked in 2020 (calendar year)	Description	Spending related to COVID-19?
Funding for orphan and inactive well reclamation in Alberta, British Columbia, and Saskatchewan	1,520	This policy was announced after significant lobbying from the oil and gas sector for COVID-19 assistance, and pre-pandemic lobbying from Alberta before the pandemic for assistance with the reclamation of oil and gas wells (Office of the Prime Minister, 2020a; Singh, 2020; Varcoe, 2019; Vigliotti, 2020a). The government announced CAD 1.72 billion in total, but CAD 200 million was a loan to the Orphan Wells Association and so is not included in this table. The majority of announced funding is for cleaning up inactive wells.	Partial
Support for Newfoundland & Labrador offshore oil industry	320	This funding was provided in September 2020 in response to COVID-19 impacts (Department of Finance Canada, 2020b).	Yes
Strategic Innovation Fund	30	CAD 30 million for the Clean Resource Innovation Network (CRIN) to commercialize clean technology for the oil and gas sector (CRIN, 2020). This is part of an announcement for a total of CAD 100 million made in 2019; an additional CAD 60 million will be allocated to CRIN from 2021 to 2022 (Innovation, Science and Economic Development Canada, 2019a).	No



Investment/program name	Amount tracked in 2020 (calendar year)	Description	Spending related to COVID-19?
Electric Vehicle and Alternative Fuel Infrastructure Deployment Initiative	8	The funds listed here went to natural gas refuelling stations (Natural Resources Canada, 2020d).	No
Energy Innovation Program	2.75	Funding for a project to reduce greenhouse gas emissions through increasing hydrogen blends in natural gas networks (Natural Resources Canada, 2020c).	No
Sustainable Development Technology Canada (SDTC)	20.05	SDTC provides funding for startups and emerging technologies across sectors. This figure includes funding provided for four oil and gas-related projects from 2020 and one from 2019 that was not captured in our previous inventory (Acceleware Limited, 2020; Innovation, Science and Economic Development Canada, 2019b, 2020a, 2020b).	No
Canadian Emissions Reduction Innovation Network	6	This network's purpose is to assist emission reductions in the oil and gas sector. The 2020 announcement is a renewal of funding initially announced in 2019 (Natural Resources Canada, 2019, 2020a).	No
Indigenous Natural Resource Partnerships	6	Efforts to increase Indigenous economic participation in oil and gas-related infrastructure projects in Alberta and British Columbia. The 2020 announcement is a renewal of funding initially announced in 2019 (Natural Resources Canada, 2020e).	No



Investment/program name	Amount tracked in 2020 (calendar year)	Description	Spending related to COVID-19?
Indigenous Services Canada	2.37	Funding for a diesel generating station in Nibinamik First Nation (Indigenous Services Canada, 2020).	No

Note: In 2019 and previous years, IISD identified additional direct transfers for fossil fuels through the Clean Growth Program (Natural Resources Canada), Western Economic Diversification Canada, and the Investing in Canada plan (Infrastructure Canada) (Corkal, Levin, et al., 2020). During 2020, no fossil fuel subsidies were identified from these programs and institutions. However, as government reporting and data publication has been impacted in some cases by the COVID-19 pandemic, it is not possible to fully assess spending under all non-tax programs.

Table 2. Non-tax subsidies not quantified due to lack of data (2020)

Investment	Description	Spending related to COVID-19?
Emissions Reduction Fund (Natural Resources Canada)	This funding provides up to CAD 675 million to eligible onshore oil and gas companies; CAD 75 million is available to offshore oil and gas companies. The purpose is to reduce methane and other emissions. Funds will be provided over two years (Natural Resources Canada, 2020f). This fund includes both repayable funding and grants, and it is not yet clear what the final breakdown will be.	Yes
Repayable loan to Alberta's Orphan Wells Association	As part of funding for orphan and abandoned wells announced in April, the federal government included a CAD 200 million loan (Office of the Prime Minister, 2020a). The subsidy portion of this loan is not possible to calculate due to a lack of data on the terms of the loan.	Partial
Business Credit Availability Program (BCAP) Guarantee – Reserve-Based Lending for small and medium-sized oil and gas firms	Run through EDC, this program is available to small and medium-sized companies, including exploration and production companies in the oil and gas sector. Loans are provided through a company's financial institution and guaranteed by EDC (EDC, 2020a, 2020b).	Yes



Investment	Description	Spending related to COVID-19?
Bank of Canada corporate bond purchase program	To support the flow of credit for corporate issuers in Canada, the Bank of Canada launched a one-year, CAD 10 billion Corporate Bond Purchasing Program (CBPP) (BDC, 2020). The CBPP will purchase eligible corporate bonds in the secondary market from a list of eligible sectors and large Canadian companies. The list includes 19 fossil fuel companies (Bank of Canada, 2020)	Yes
Low-Carbon Economy Fund investment to support low-carbon projects in Alberta	CAD 100 million was announced to support low-carbon initiatives in Alberta, including but not limited to clean technology and industry (Environment and Climate Change Canada, 2020a). Previous allocations under this fund have been provided to fossil fuel producers in the past (Corkal, Levin, et al., 2020), but it is not yet clear what portion of the new allocation will be a subsidy.	No
Petroleum Technology Research Centre	This organization receives annual support from the federal government, but figures from 2020 are not yet available. Support appears to be declining: CAD 20,000 was provided in 2019/20, compared to CAD 824,000 in 2017/18 (Petroleum Technology Research Centre, 2018, 2020).	No
EDC	Canada provides over CAD 13.2 billion per year in public finance to the fossil fuel sector at home and abroad (EDC, 2019; Oil Change International, 2020; Tucker et al., 2020). Identifying the subsidy portion of public finance investments is difficult, due in part to a lack of transparency (Corkal, Levin, et al., 2020).	No
Indigenous Services Canada investments in natural gas and diesel projects and electricity price support for Indigenous communities	These investments provide energy access for remote Indigenous communities. One such investment is listed in Table 1, but it is unclear whether additional investments were made in 2020.	No
Trans Mountain Pipeline and expansion	Quantifying subsidies for the Trans Mountain Pipeline project is extremely difficult due to a lack of data, but the amounts are likely substantial (Corkal, Levin, et al., 2020).	No



2.1 Unpacking Non-Tax Fossil Fuel Subsidies Provided During COVID—19

The federal government linked much of the direct spending in its initial COVID-19 funding announcement for the fossil fuel sector to positive environmental outcomes (Office of the Prime Minister, 2020a). However, liquidity support provided by EDC and BDC, as well as the CAD 320 million provided to support Newfoundland's offshore oil industry, came with no explicit ties or conditionality for environmental or social outcomes.

Funding provided for the Emissions Reduction Fund has a positive focus on jobs and environmental outcomes, and, unlike funding provided for well reclamation, is comprised primarily of repayable funding. However, this funding also reduces the cost of business for producers, including that of meeting federal methane regulations. In November 2020, the federal government granted equivalency agreements for methane regulations with Alberta, British Columbia, and Saskatchewan (Environment and Climate Change Canada, 2020b), rather than strengthening federal regulations to reduce methane across the provinces.

Funding provided for Newfoundland's offshore oil industry came after significant lobbying by the offshore oil industry during the early months of the pandemic ("Feds write cheque, 2020; Vigliotti, 2020b). Although Minister of Natural Resources Seamus O'Regan alluded to supporting emission reductions in the original funding announcement ("Feds write cheque," 2020), no strings appear to be attached to ensure funding would be used explicitly for job creation or be tied to environmental outcomes. CAD 41.5 million will be directed to Husky Energy for the West White Rose development project, linked to 331 jobs ("Ottawa announces," 2020).

For funding provided for orphan and abandoned wells, CAD 1 billion was earmarked for Alberta, CAD 400 million for Saskatchewan, and CAD 120 million for British Columbia. Although some of this funding will go to service companies, funding will also be made available to some of Canada's largest oil and gas companies (De Souza & Wong, 2020b).

In British Columbia, federal funding will support three programs: CAD 100 million for the newly created Dormant Sites Reclamation Program, CAD 15 million for the Orphan Sites Reclamation Program, and CAD 5 million for the Legacy Sites Reclamation Program (Energy Mines and Low-Carbon Innovation, 2020; Natural Resources Canada, 2020b; Office of the Premier, 2020). In Saskatchewan, funding will support the Accelerated Site Closure Program over two years (Government of Saskatchewan, 2020).

In Alberta, CAD 1 billion is available under the Site Rehabilitation Program in various increments and under varying eligibility requirements (Government of Alberta, 2020a, 2020b). An additional CAD 200 million of provided federal funding will be a loan to the Orphan Well Association, which is supposed to be funded by industry levies (Orphan Well Association, 2020).

A key issue with orphan and abandoned wells is ensuring companies bear the costs of environmental liabilities and remediation so that the cost burdens do not fall onto taxpayers (Corkal, 2020). In the federal government's initial announcement for this funding, they stated that



the Government of Alberta has “committed to implement strengthened regulation to significantly reduce the future prospect of new orphan wells” (Department of Finance Canada, 2020a). However, the province has made little progress to ensure polluters pay for environmental damages, despite significant warnings regarding the need to increase enforcement from the Alberta Energy Regulator (De Souza & Wong, 2020a).

Canada has also provided significant liquidity support to oil and gas producers during the COVID-19 pandemic. This assistance has flowed through the BDC and EDC. An export credit agency, EDC had its mandate expanded to support domestic businesses in 2008. The public finance institution provides on average CAD 13.2 billion in support to oil and gas companies each year, including for domestic oil and gas companies and operations (Tucker et al., 2020).⁶ Transparency on disbursements and individual transactions from EDC is low.

Early on in the pandemic, EDC's domestic mandate was further expanded, and limits on the liability that EDC can incur were temporarily increased. Limits on EDC's Canada Account (the same account used to finance the Trans Mountain Pipeline) were also increased. EDC also administers the BCAP Guarantee program for Reserve-Based Lending for small and medium-sized oil and gas firms.

The federal government also expanded eligibility for the wider BCAP to include oil and gas companies and mid-sized companies in order to provide loans of up to CAD 60 million per company and loan guarantees of up to CAD 80 million (Office of the Prime Minister, 2020b). The Mid-Market Financing Program is intended to fund operational cashflow needs with support for sectors “particularly impacted by the COVID-19 pandemic and/or the recent decline in oil and gas prices,” such as oil and gas (BDC, 2020).

2.2 Tax-Related Subsidies

While Canada has made efforts to phase out several tax-related fossil fuel subsidies, a number still remain that reduce the amounts of income tax that the oil and gas sector ultimately transfers to the federal government (for more information, see Office of the Auditor General, 2017). Tax subsidies represent foregone revenue for the federal government while reducing business costs for producers. Transparency on tax-related subsidies has historically been low (Laan & Corkal, 2020; Office of the Auditor General, 2017).

In a positive move for transparency, the federal government included in 2020's *Report on Federal Tax Expenditures* a list of measures specific to the fossil fuel sector, including publication of the value of foregone revenue for flow-through shares (Department of Finance Canada, 2020c). Unfortunately, not all values or measures are listed.

⁶ This figure is from 2016–2019, using 2016–2018 data from Tucker et al. (2019) with the addition of 2019 data.

**Table 3.** Tax-related subsidies to the Canadian oil and gas sector

Tax provision	Annual tax deduction rate	Estimated value (CAD)	Income Tax Act (A) or Regulations (R) subsection
Canadian Exploration Expense deduction claims (CEEs) ^a	100%	Government data not available	(A) § 66.1 (2)
Accelerated Investment Incentive (AII) ^b		3.28 billion in FY 2020/21 for multiple sectors, not only oil and gas	(A) § 66.2(2)(d)
Canadian Development Expense deduction claims (CDEs)	30%	Government data not available; currently rolled into the AII	(A) § 66.2(2)
Oil and gas property expense deduction claims	10%	Government data not available; currently rolled into the AII	(A) § 66.4(2)
Foreign Resource Expense deduction claims	10–30%	Government data not available	(A) § 66.21(4)
Flow-through shares ^c	Up to 100%	20 million in FY 2020/21	(A) § 66(15)
Accelerated Capital Cost Allowance – Liquefied natural gas (LNG), eligible liquefaction equipment ^d	30%	Government data not available	(R) § 1100(1)(yb)
Accelerated Capital Cost Allowance – LNG, related buildings ^e	10%	Government data not available	(R) § 1100(1)(a.3)(ii)
Scientific Research and Experimental Development Investment Tax Credits ^f		2.84 billion in FY 2020/21 for multiple sectors, not only oil and gas	(A) § 127
Carbon Pricing Exemptions ^g	Variable	Unknown	



Tax provision	Annual tax deduction rate	Estimated value (CAD)	Income Tax Act (A) or Regulations (R) subsection
Steel tariff exemption for LNG projects	100% (tariff exemption)	Unknown	In 2019, the government announced this exemption to support the LNG sector in British Columbia (Department of Finance Canada, 2019).
Tariff exemption for mobile offshore drilling units for offshore oil and gas exploration	100% (tariff exemption)	Approx. 13 million per year (Government of Canada, 2014)	The tariffs were removed first in 2004, then permanently removed in 2014 (Government of Canada, 2014).

^a This measure is close to being completely phased out. The federal government rationalized eligibility for CEE through measures taken in Budgets 2011, 2013, and 2017. Expenses incurred after 2018 for successful oil and gas discovery wells are treated as CDEs, rather than as CEEs, with some grandfathering provided until 2021 for expenditures committed to prior to 2018 (Department of Finance Canada, 2020c). Small oil and gas companies are no longer able to classify CDEs as CEEs when they are renounced to flow-through share investors, which previously resulted in costs to government (Department of Finance Canada, 2020c).

^b The amount listed in this table reflects all sectors, not only oil and gas, due to a lack of disaggregated data. This measure was introduced in autumn 2018 to allow companies a faster write-off of newly acquired capital assets. Although the measure applies to all sectors of the economy, it includes specific provisions to allow companies a faster write-off for Canadian development expenses and Canadian oil and gas property expenses. The measure will sunset in 2028 (Department of Finance Canada, 2020c).

^c As of 2020, Finance Canada now provides disaggregated data on tax expenditures related to flow-through shares for the fossil fuel sector (Department of Finance Canada, 2020c).

^d This measure is set to expire in 2025 (Department of Finance Canada, 2016).

^e This measure is set to expire in 2025 (Department of Finance Canada, 2016).

^f Based on available data, it is not possible to determine what portion flows to fossil fuel producers. Under this federal program, which is paralleled by some provinces, qualifying companies can claim expenditures on research and development activities and can also carry forward credits to future years. The program includes both a refundable and non-refundable portion (Department of Finance Canada, 2020c).

^g Under the Greenhouse Gas Pollution Pricing Act's Output-Based Pricing System for industrial emissions, methane leaks from oil and gas facilities are not priced. Under the Act's Fuel Charge, certain types of fossil fuel consumption are exempt, including for eligible farming and fishing activities and for registered fuel carriers (Canada Revenue Agency, 2019).



References

- Acceleware Limited. (2020, March 12). Acceleware announces Suncor's support for Marwayne RF XL Pilot. *GlobeNewswire News Room*. <http://www.globenewswire.com/news-release/2020/12/03/2139074/0/en/Acceleware-announces-Suncor-s-support-for-Marwayne-RF-XL-Pilot.html>
- Bank of Canada. (2020). *Corporate Bond Purchase Program – List of eligible sectors and issuers*. <https://www.bankofcanada.ca/markets/market-operations-liquidity-provision/market-operations-programs-and-facilities/corporate-bond-purchase-program/corporate-bond-purchase-program-list-of-sectors-and-issuers/>
- Beedell, E. (2021). *Advancing a hydrogen economy while minimizing fossil fuel subsidies*. (Recovery Through Reform Series). International Institute for Sustainable Development.
- Business Development Bank of Canada (BDC). (2020, June 18). *BDC deploys new program for medium-sized businesses*. <https://www.bdc.ca/en/about/mediaroom/news-releases/bdc-deploys-new-program-intended-support-medium-sized-businesses-cashflow-needs-result-covid19>
- Campbell, J. (2018). *SDG indicator 12.c.1: Fossil fuel subsidies*. United Nations Statistics Division. <https://unstats.un.org/sdgs/files/meetings/webex-6sep2018/7.%20UNEP%2012.c.1%20Presentation.pdf>
- Canada Revenue Agency. (2019, February 21). *Fuel charge relief*. <https://www.canada.ca/en/revenue-agency/services/tax/excise-taxes-duties-levies/fuel-charge/relief.html>
- Clean Resource Innovation Network (CRIN). (2020, October 22). *Ottawa provides \$100M to research cutting energy GHG emissions*. <https://cleanresourceinnovation.com/news/59>
- Corkal, V. (2020, March 26). *Who will pay for Alberta's orphan wells?* International Institute for Sustainable Development. <https://www.iisd.org/articles/who-will-pay-albertas-orphan-wells>
- Corkal, V. (2021). *Export Development Canada's role in fossil fuel subsidy reform* (Recovery Through Reform Series). International Institute for Sustainable Development. <https://www.iisd.org/publications/export-development-canada-fossil-fuel-subsidy-reform>
- Corkal, V. & Beedell, E. (2021). *Assessing the climate compatibility of Canada's COVID-19 response in 2020* (Recovery Through Reform Series). International Institute for Sustainable Development.
- Corkal, V., & Gass, P. (2019a). *Locked in and losing out: British Columbia's fossil fuel subsidies*. International Institute for Sustainable Development. <https://www.iisd.org/library/locked-in-losing-out>
- Corkal, V., & Gass, P. (2019b). *Submission to Environment and Climate Change Canada's consultation on non-tax fossil fuel subsidies*. <https://www.iisd.org/publications/submission-environment-and-climate-change-canadas-consultation-non-tax-fossil-fuel-subsidies>



- Corkal, V., & Gass, P. (2019c). *The (public) cost of pollution: Ontario's fossil fuel subsidies*. International Institute for Sustainable Development. <https://www.iisd.org/library/public-cost-pollution>
- Corkal, V., Gass, P., & Cosbey, A. (2020). *Green strings: Principles and conditions for a green recovery from COVID-19 in Canada*. International Institute for Sustainable Development. <https://www.iisd.org/library/green-strings-recovery-covid-19-canada>
- Corkal, V., Levin, J., & Gass, P. (2020). *Canada's fossil fuel subsidies in 2020*. International Institute for Sustainable Development. <https://www.iisd.org/sites/default/files/publications/canada-fossil-fuel-subsidies-2020-en.pdf>
- De Souza, M., & Wong, J. (2020a, December 16). *Alberta officials warned oilpatch faced "landslide" of failures. Then coronavirus struck*. Global News. <https://globalnews.ca/news/7522916/orphan-wells-coronavirus-oilpatch/>
- De Souza, M., & Wong, J. (2020b, December 17). *Big oil companies eligible for millions from federal coronavirus bailout to clean up sites*. Global News. <https://globalnews.ca/news/7527074/big-oil-coronavirus-bailout/>
- Department of Finance Canada. (2016, March 22). *Budget 2016: Growing the middle class*. <https://www.budget.gc.ca/2016/docs/plan/toc-tdm-en.html>
- Department of Finance Canada. (2019, August 9). *Canada Welcomes Anticipated Construction of One of the World's Cleanest LNG Facilities* [News release]. <https://www.canada.ca/en/department-finance/news/2019/08/canada-welcomes-anticipated-construction-of-one-of-the-worlds-cleanest-lng-facilities.html>
- Department of Finance Canada. (2020a, April 17). *Canada's COVID-19 economic response plan: New support to protect Canadian jobs* [Backgrounder]. [https://www.canada.ca/en/department-finance/news/2020/04/canadas-covid-19-economic-response-plan-new-support-to-protect-canadian-jobs.html#Orphan and inactive oil](https://www.canada.ca/en/department-finance/news/2020/04/canadas-covid-19-economic-response-plan-new-support-to-protect-canadian-jobs.html#Orphan%20and%20inactive%20oil)
- Department of Finance Canada. (2020b). *Government of Canada supports Newfoundland and Labrador's offshore energy sector workers* [News release]. <https://www.canada.ca/en/department-finance/news/2020/09/government-of-canada-supports-newfoundland-and-labradors-offshore-energy-sector-workers.html>
- Department of Finance Canada. (2020c). *Report on federal tax expenditures*. <https://www.canada.ca/content/dam/fin/publications/taxexp-depfisc/2020/taxexp-depfisc20-eng.pdf>
- Energy Mines and Low Carbon Innovation. (2020, July 15). *British Columbians have say in oil and gas wells cleanup*. <https://news.gov.bc.ca/releases/2020EMPR0028-001294>
- Energy Policy Tracker. (2020). *Track public money for energy in recovery packages*. <https://www.energypolicytracker.org/>



- Environment & Climate Change Canada. (2020). *A healthy environment and a healthy economy*. <https://www.canada.ca/content/dam/eccc/documents/pdf/climate-change/climate-plan/healthy-environment-healthy-economy-plan.pdf>
- Environment and Climate Change Canada. (2020a, November 2). *Government of Canada announces over \$100M to spur job creation in Alberta and fight climate change* [News release]. <https://www.canada.ca/en/environment-climate-change/news/2020/11/government-of-canada-announces-over-100m-to-spur-job-creation-in-alberta-and-fight-climate-change.html>
- Environment and Climate Change Canada. (2020b, November 5). *Government of Canada working with provinces to reduce methane emissions from oil and gas operations* [News release]. <https://www.canada.ca/en/environment-climate-change/news/2020/11/government-of-canada-working-with-provinces-to-reduce-methane-emissions-from-oil-and-gas-operations.html>
- Equiterre, & International Institute for Sustainable Development (IISD). (2018). *Les subventions du gouvernement à la consommation et au développement d'hydrocarbures au Québec estimation des dépenses de l'état et de ses mandataires*. https://www.equiterre.org/sites/fichiers/iisd_rapport.pdf
- Export Development Canada (EDC). (2019). *Aggregate business facilitated by industry sub-sector for the period ending September 30, 2019*. <https://www.edc.ca/en/about-us/corporate/disclosure/reporting-transactions/canadian-industry-sub-sector-2019.html>
- Export Development Canada. (2020a). *COVID-19 support for Canadian oil and gas companies*. <https://www.edc.ca/en/article/oil-gas-support.html>
- Export Development Canada. (2020b). *EDC Business Credit Availability Program (BCAP) Guarantee*. <https://www.edc.ca/en/solutions/working-capital/bcap-guarantee.html>
- Feds write cheque for \$320M to support workers, lower emissions for N.L.'s struggling offshore*. (2020, September 25). CBC. <https://www.cbc.ca/news/canada/newfoundland-labrador/offshore-announcement-o-regan-furey-1.5738954>
- G20. (2009). *Leaders' statement. The Pittsburgh Summit. September 24–25, 2009*. https://www.treasury.gov/resource-center/international/g7-g20/Documents/pittsburgh_summit_leaders_statement_250909.pdf
- Gass, P., & Echeverría, D. (2017). *Fossil fuel subsidy reform and the just transition: Integrating approaches for complementary outcomes*. International Institute for Sustainable Development. <https://www.iisd.org/library/fossil-fuel-subsidy-reform-and-just-transition-integrating-approaches-complementary-outcomes>
- Geddes, A., Gerasimchuk, I., Viswanathan, B., Suharsano, A., Corkal, V., Mostafa, M., Roth, J., Picciariello, A., Tucker, B., Doukas, A., & Gençsü, I. (2020). *Doubling back and doubling down: G20 scorecard on fossil fuel funding*. International Institute for Sustainable Development. <https://www.iisd.org/publications/g20-scorecard>



- Gerasimchuk, I., Wooders, P., Merrill, L., Sanchez, L., & Kitson, L. (2017). *A guidebook to reviews of fossil fuel subsidies: From self-reports to peer learning*. International Institute for Sustainable Development. <https://www.iisd.org/library/guidebook-reviews-fossil-fuel-subsidies>
- Government of Alberta. (2020a). *Site rehabilitation program – Apply for a grant*. <https://www.alberta.ca/site-rehabilitation-program-apply-for-a-grant.aspx>
- Government of Alberta. (2020b). *Site rehabilitation program – Overview*. <https://www.alberta.ca/site-rehabilitation-program-overview.aspx>
- Government of Canada. (2014). *Budget 2014: The road to balance*. <https://www.budget.gc.ca/2014/docs/plan/pdf/budget2014-eng.pdf>
- Government of Saskatchewan. (2020, September 2). *\$34 million approved to support the oil and gas service sector*. <https://www.saskatchewan.ca/government/news-and-media/2020/september/22/support-for-oil-and-gas-sector>
- Indigenous Services Canada. (2020, July 23). *Nibinamik First Nation upgrades their diesel generating station* [News release]. <https://www.canada.ca/en/indigenous-services-canada/news/2020/07/nibinamik-first-nation-upgrades-their-diesel-generating-station.html>
- Innovation, Science and Economic Development Canada. (2019a, July 4). *Government of Canada invests in innovation within clean resources cluster* [News release]. <https://www.canada.ca/en/innovation-science-economic-development/news/2019/07/government-of-canada-invests-in-innovation-within-clean-resources-cluster.html>
- Innovation, Science and Economic Development Canada. (2019b, August 22). *List of cleantech projects receiving SDTC support* [Backgrounder]. <https://www.canada.ca/en/innovation-science-economic-development/news/2019/08/backgrounder--list-of-cleantech-projects-receiving-sdte-support.html>
- Innovation, Science and Economic Development Canada. (2020a, June 18). *List of cleantech projects receiving support from Sustainable Development Technology Canada* [Backgrounder]. <https://www.canada.ca/en/innovation-science-economic-development/news/2020/06/list-of-cleantech-projects-receiving-support-from-sustainable-development-technology-canada.html>
- Innovation, Science and Economic Development Canada. (2020b, September 16). *List of cleantech projects receiving funding from Sustainable Development Technology Canada (SDTC)* [Backgrounder]. <https://www.canada.ca/en/innovation-science-economic-development/news/2020/09/list-of-cleantech-projects-receiving-funding-from-sustainable-development-technology-canada-sdte.html>
- International Institute for Sustainable Development & Environmental Defence. (2019). *Doubling down with taxpayer dollars: Fossil fuel subsidies from the Alberta government*. https://d36rd3gki5z3d3.cloudfront.net/wp-content/uploads/2019/02/EDC_IISD_AlbertaFFSReportFINAL.pdf?x82974



- Laan, T., & Corkal, V. (2020). *International best practices: Estimating tax subsidies for fossil fuels in Canada*. Global Subsidies Initiative. <https://www.iisd.org/publications/tax-subsidies-canada>
- Merrill, L., Gass, P., Gerasimchuk, I., Garg, V., Viswanathan, B., Bassi, A., & Geddes, A. (2019). *Raising ambition through fossil fuel subsidy reform: Greenhouse gas emissions modelling results from 26 countries*. International Institute for Sustainable Development. <https://www.iisd.org/library/raising-ambition-through-fossil-fuel-subsidy-reform>
- Natural Resources Canada. (2019, March 8). *Canadian Emissions Reduction Innovation Network*. <https://www.nrcan.gc.ca/energyinnovation/canadian-emissions-reduction-innovation-network/21778>
- Natural Resources Canada. (2020a, September 17). *Canada invests in innovative technology for the Canadian mining industry* [News releases]. <https://www.canada.ca/en/natural-resources-canada/news/2020/09/canada-invests-in-innovative-technology-for-the-canadian-mining-industry.html>
- Natural Resources Canada. (2020b, September 18). *Cleaning up dormant oil and gas wells, supporting 1,200 jobs in B.C.* [News release]. <https://www.canada.ca/en/natural-resources-canada/news/2020/09/cleaning-up-dormant-oil-and-gas-wells-supporting-1200-jobs-in-bc9.html>
- Natural Resources Canada. (2020c, September 15). *Development and testing of a tri-generation pyrolysis*. <https://www.nrcan.gc.ca/science-data/funding-partnerships/funding-opportunities/current-investments/development-and-testing-tri-generation-pyrolysis/22629>
- Natural Resources Canada. (2020d). *Electric Vehicle and Alternative Fuel Infrastructure Deployment Initiative—successful applicants—Phase 2*. <https://www.nrcan.gc.ca/energy-efficiency/energy-efficiency-transportation/electric-alternative-fuel-infras/electric-vehicle-alternative-fue/applicants/21738>
- Natural Resources Canada. (2020e). *Indigenous natural resource partnerships*. <https://www.nrcan.gc.ca/our-natural-resources/indigenous-natural-resources/indigenous-natural-resource-partnerships/22197>
- Natural Resources Canada. (2020f, October 29). *Minister O'Regan launches \$750-million fund for oil and gas companies to reduce methane emissions* [News release]. <https://www.canada.ca/en/natural-resources-canada/news/2020/10/minister-oregan-launches-750-million-fund-for-oil-and-gas-companies-to-reduce-methane-emissions.html>
- Office of the Auditor General. (2017). *Report 7—Fossil fuel subsidies* (2017 Spring Reports of the Auditor General of Canada to the Parliament of Canada). http://www.oag-bvg.gc.ca/internet/English/parl_oag_201705_07_e_42229.html
- Office of the Premier. (2020, May 13). *New programs support jobs, clean up environment*. <https://news.gov.bc.ca/releases/2020PREM0026-000871>
- Office of the Prime Minister. (2020a, April 17). *Prime Minister announces new support to protect Canadian jobs*. <https://pm.gc.ca/en/news/news-releases/2020/04/17/prime-minister-announces-new-support-protect-canadian-jobs>



- Office of the Prime Minister. (2020b, November 5). *Prime Minister announces additional support for businesses to help save Canadian jobs*. <https://pm.gc.ca/en/news/news-releases/2020/05/11/prime-minister-announces-additional-support-businesses-help-save>
- Oil Change International. (2020). *Shift the subsidies database*. <http://priceofoil.org/shift-the-subsidies/>
- Organisation for Economic Co-operation and Development. (2018a, February 21). *Fossil fuel support data by country—Canada*. <https://doi.org/10.1787/9789264286061-en>
- Organisation for Economic Co-operation and Development (OECD). (2018b). *OECD companion to the inventory of support measures for fossil fuels 2018*. OECD Publishing.
- Orphan Well Association. (2020). *Orphan Well Association*. <https://www.orphanwell.ca/>
- Ottawa announces \$41.5 million for offshore oil jobs in Newfoundland. (2020, December 7). The Energy Mix. <https://theenergymix.com/2020/12/07/ottawa-announces-41-5-million-for-offshore-oil-jobs-in-newfoundland/>
- Petroleum Technology Research Centre. (2018). *Annual report 2017/2018*. https://ptrc.ca/pub/docs/annual-reports/annual%20report%202017%202018_spread.pdf
- Petroleum Technology Research Centre. (2020). *Annual report 2019–20*. https://ptrc.ca/pub/docs/annual-reports/Annual%20Report_Shortened.pdf
- Rabson, M. (2019, November 14). Review of federal fossil fuel subsidies appears to be behind schedule. *The Globe and Mail*. <https://www.theglobeandmail.com/canada/article-review-of-federal-fossil-fuel-subsidies-appears-to-be-behind-schedule-2/>
- Shankleman, J. (2020, December 11). *U.K. is first in G-20 to end all overseas oil and gas funding*. BNN Bloomberg. <https://www.bnnbloomberg.ca/u-k-is-first-in-g-20-to-end-all-overseas-oil-and-gas-funding-1.1535367>
- Singh, I. (2020, January 23). *Alberta's looming multibillion-dollar orphan wells problem prompts auditor general probe*. CBC. <https://www.cbc.ca/news/business/alberta-orphan-wells-liability-audit-review-1.5433603>
- Stockholm Environment Institute (SEI), International Institute for Sustainable Development (IISD), Overseas Development Institute (ODI), E3G, & United Nations Environment Programme (UNEP). (2020). *The production gap. The discrepancy between countries' planned fossil fuel production and global production levels consistent with limiting warming to 1.5°C or 2°C*. <http://productiongap.org/2020report/>
- Touchette, Y., & Gass, P. (2018). Public cash for oil and gas: Mapping federal fiscal support for fossil fuels. International Institute for Sustainable Development. <https://www.iisd.org/sites/default/files/publications/public-cash-oil-gas-en.pdf>



- Touchette, Y., Gass, P., & Echeverría, D. (2017). *Costing energy and fossil fuel subsidies in Nunavut: A mapping exercise*. World Wildlife Fund Canada. <https://www.iisd.org/library/costing-energy-fossil-fuel-subsidies-nunavut-mapping-exercise>
- Tucker, B., DeAngelis, K., & Doukas, A. (2020). *Still digging: G20 governments continue to finance the climate crisis*. Oil Change International. <http://priceofoil.org/content/uploads/2020/05/G20-Still-Digging.pdf>
- United Nations. (2019). *Sustainable Development Goal 12: Targets & indicators*. <https://sustainabledevelopment.un.org/sdg12>
- United Nations Framework Convention on Climate Change (UNFCCC). (2015). *Paris Agreement*. https://unfccc.int/sites/default/files/english_paris_agreement.pdf
- Varcoe, C. (2019, November 26). Alberta seeks Ottawa's help—and money—in cleaning up abandoned wells. *Calgary Herald*. <https://calgaryherald.com/opinion/columnists/varcoe-alberta-seeks-ottawas-help-and-money-in-cleaning-up-abandoned-wells>
- Vigliotti, M. (2020a, June 8). *CAPP most active lobbying body in April, as Liberals moved forward with oil and gas aid package*. IPolitics. <https://ipolitics.ca/2020/06/08/capp-most-active-lobbying-body-in-april-as-liberals-moved-forward-with-oil-and-gas-aid-package/>
- Vigliotti, M. (2020b, July 7). *N.L. offshore industry calls for support from Ottawa as environmental orgs warn against further aid*. IPolitics. <https://ipolitics.ca/2020/07/07/n-l-offshore-industry-calls-for-support-from-ottawa-as-environmental-orgs-warn-against-further-aid/>
- Wooders, P., Zinecker, A., & Steenblik, R. (2019). *Measuring fossil fuel subsidies in the context of the Sustainable Development Goals*. United Nations Environment Programme. <https://www.iisd.org/library/measuring-fossil-fuel-subsidies-context-sustainable-development-goals>
- World Trade Organization (WTO). (n.d.). *Agreement on subsidies and countervailing measures*. https://www.wto.org/english/docs_e/legal_e/24-scm.pdf



Appendix 1. Methodology

This report uses a methodology⁷ consistent with other reports published under the International Institute For Sustainable Development's (IISD's) Global Subsidies Initiative.⁸

In evaluating subsidies at the federal level in Canada, IISD uses the World Trade Organization (WTO) definition from the Agreement on Subsidies and Countervailing Measures (ASCM), Article 1.1.⁹ The ASCM subsidy definition is also very close to the definition of “government support” used by the Organisation for Economic Co-operation and Development (OECD) in its inventories. The OECD has produced an inventory of support measures for fossil fuels in OECD countries and a selection of partner countries for the past several years (OECD, 2018a). Its large body of work and publications includes a table of types of support measures for around 40 countries, including Canada and its provinces and territories (OECD, 2018b). IISD also considers subsidies listed under OECD's inventories.

In its reports, IISD considers the following categories of subsidies:

- Direct budgetary transfers to producers and consumer energy.
- Tax expenditures, government revenue foregone, and under-pricing of other goods and services, including risk. This includes uncollected or under-collected levies on energy production and consumption. For consumers, this may include energy fully or partially exempt from value-added taxes, goods and services taxes, and excise taxes. For producers, this may include reduced tax rates or tax exemptions, or government provision or purchase of goods and services above or below market rates.
- Transfer of risk to government, such as credit support through transfer mechanisms like loan guarantees or offers of indemnification.
- Induced transfers, such as price support through market regulation.

⁷ This methodology text appeared previously in Corkal, V., Levin et al. (2020).

⁸ See Gerasimchuk et al. (2017) for details on IISD's published guidelines for completing fossil fuel subsidy reviews.

⁹ “1.1 For the purpose of this Agreement, a subsidy shall be deemed to exist if:

(a)(1) there is a financial contribution by a government or any public body within the territory of a Member (referred to in this Agreement as “government”), i.e., where:

(i) a government practice involves a direct transfer of funds (e.g. grants, loans, and equity infusion), potential direct transfers of funds or liabilities (e.g. loan guarantees);

(ii) government revenue that is otherwise due is foregone or not collected (e.g. fiscal incentives such as tax credits)(1);

(iii) a government provides goods or services other than general infrastructure, or purchases goods;

(iv) a government makes payments to a funding mechanism, or entrusts or directs a private body to carry out one or more of the type of functions illustrated in (i) to (iii) above which would normally be vested in the government and the practice, in no real sense, differs from practices normally followed by governments,

or

(a)(2) there is any form of income or price support in the sense of Article XVI of GATT 1994;

and

(b) a benefit is thereby conferred” (WTO, n.d.)



All of these categories align with the WTO ASCM definition. These categories also align with the methodology for SDG Indicator 12.c.1, which measures the extent of fossil fuel subsidies and progress toward reducing them (Wooders et al., 2019).

IISD considers subsidies at all stages of production and consumption, including gaining access to reserves, exploration, and appraisal, field development, extraction, transportation of fossil fuels, construction and operation of electricity and heat generation units, refineries, electricity transmission and distribution, consumption in the public sector, industry and household use, as well as decommissioning of fossil fuel facilities.

Data Collection and Measurement

The most straightforward fossil fuel subsidy measurement has always been governments' own estimates of direct budgetary transfers and tax expenditures, which also underlie the OECD's inventory. As such, where subsidies are quantified in this document, IISD has referred to government-published data, including federal budgetary documents and primary government sources such as news releases, regulations, existing laws, and program guidelines posted online. Where this information has not been available, we have, in some places, relied on secondary sources, but in very limited instances where we can be sure of the accuracy of the information. As this report was a desk-based study, no primary research or quantification of subsidies was carried out.

©2021 The International Institute for Sustainable Development
Published by the International Institute for Sustainable Development

Head Office

111 Lombard Avenue, Suite 325
Winnipeg, Manitoba
Canada R3B 0T4

Tel: +1 (204) 958-7700

Website: www.iisd.org

Twitter: @IISD_news

Global Subsidies Initiative

International Environment House 2
7-9 chemin de Balexert, 1219 Châtelaine
Geneva, Switzerland

Tel: +41 22 917-8683

Website: www.iisd.org/gsi

Twitter: @globalsubsidies

