

How to build a better Canada after COVID-19: Launch a fossil-free future

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This story is part of a series that proposes solutions to the many issues exposed during the coronavirus pandemic and what government and citizens can do to make Canada a better place. Demand for fossil fuels collapsed during the COVID-19 pandemic as lockdown measures were introduced. In the second quarter of 2020, experts predict that global oil demand will be down 20 per cent from this time last year. Although demand is likely to recover somewhat in the next two years, some major oil company executives believe that it may never return to pre-2020 levels.



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At the same time, the world remains “on fire” due to climate change, caused primarily by the burning of fossil fuels. The year began with [fires ravaging Australia](#), and in June, temperatures in the Arctic hit a [record-breaking 38C](#).

The world is now at a [critical juncture](#) — a moment of uncertainty where decisions can cause dramatic shifts in the direction a society takes. The choices we make now will define Canada’s — and humanity’s — future.

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As governments look for ways to help the Canadian economy recover from the COVID-19 pandemic, they must be guided by one incontestable principle: We cannot afford to invest in and expand the fossil fuel industry any further.

Why we need structural change

Daily global carbon dioxide emissions fell by [17 per cent in early April](#), when lockdowns were at their peak, compared to 2019. In the U.K., the decline hit 31 per cent, while [in Canada](#) it reached 20 per cent.

[But emissions are now rebounding](#) — much quicker than expected — as cars and trucks take to the roads again.

Emissions in 2020 are expected to be down by [four per cent to \(at most\) seven per cent](#) from 2019. But this [falls short](#) of the emissions cuts needed to achieve the Paris Agreement targets — 7.6 per cent a year, every year.

The lockdown has demonstrated that [behavioural change alone is insufficient](#) to decarbonize the economy; we also need structural change that gets at the root of emissions. This means addressing the contribution of the oil sector, particularly the oil sands.

[Read more: Coronavirus is a 'sliding doors' moment. What we do now could change Earth's trajectory](#)

While emissions from other sectors in Canada have levelled off or are declining, oil sands emissions [increased by 456 per cent](#) between 1990 and 2018. Emissions from conventional oil production have also increased, but only by 24 per cent.

Despite a [valiant attempt](#) by the Alberta NDP government in 2015, successive provincial governments have failed to reduce oil sands emissions. And since the COVID-19 crisis, “green initiatives,” such as [Suncor’s plan to replace coke-fired boilers with natural gas units](#) at its base

operations, have been shelved to cut costs, undermining claims from the industry that it is part of the solution.

Industry crisis deepens

The oil and gas industry was in trouble before the pandemic hit, but it is now facing potential collapse.



A flare stack at the Imperial Oil refinery in Edmonton lights the sky in December 2018. THE CANADIAN PRESS/Jason Franson

For a brief period in early April and again later that month, a barrel of Alberta oil was selling for less than a bottle of maple syrup. Although the price has since recovered somewhat, expectations for capital expenditures have changed dramatically.

Now, almost 40 per cent less financing is anticipated for 2020. A second wave of coronavirus infections and lockdowns could send oil markets into another tailspin.

While the Canadian Association of Petroleum Producers (CAPP) has indefinitely deferred its long-term production forecast, Alberta has cut production by about 25 per cent, or one million barrels per day. According to Alberta, mega pipelines are now "fairly empty," and Enbridge plans to use part of its aging Line 3 for oil storage. BP has written off its oil sands investments entirely.

More subsidies won't save jobs

It's not surprising then that the Canadian oil industry has redoubled its demands for government support as well as the suspension of environmental regulations and monitoring requirements. In April, CAPP was the most active federal lobbying body, recording over 40 meetings with federal officials.

Any government response to this lobbying isn't a question of weighing "jobs versus the environment": the industry has been shedding jobs for years, while extracting more oil. From 2014 to 2019, in the midst of surging production, Canada's oil and gas sector cut 53,000 jobs — about a quarter of the sector's 225,000 jobs. Advancements in automation and other changes in the industry mean that those jobs are not coming back, even if the troubled Keystone XL pipeline is somehow built.

Read more: [Biden, Keystone XL and a Green New Deal could shake up Canada's energy industry](#)

While oil workers have faced unemployment and anxiety about their futures, executives and shareholders have continued to reap huge benefits. The five largest oil sands producers doled out \$12.6 billion in dividends to shareholders (the majority of which are not Canadian) from late 2014 to 2017.

As the fossil fuel sector scrambles to protect profits while shedding jobs, Canada's clean tech sector is experiencing "explosive" growth, bringing impressive earnings and jobs. Clean energy jobs are anticipated to grow to over 550,000 in the next decade from 300,000 in 2019.

Stranded assets, stranded communities

In May, the Canadian oil and gas industry employed roughly 163,000 people, which was less than one per cent of all workers in the country. But those jobs are highly geographically concentrated. As oil assets increasingly become stranded assets, Canada's oil workers and oil-dependent communities will likewise become stranded.

But that doesn't have to be our future.

A slight majority of Albertans appear to understand this and support a transition away from oil and gas. The key conversations are about how and when this transition occurs.

The question of *when* has been answered for us. If, as a country, we can agree that bailouts are not justifiable on economic or environmental grounds, then the oil price crash dictates that the transition starts now. Recent polling indicates that the vast majority of Canadians want the federal government to invest in a "green recovery."

Canadian support for a 'green' economic recovery plan

Would you support or oppose the Canadian government making the recovery plan a 'green' recovery plan, which would prioritize investments in green sustainable industries?

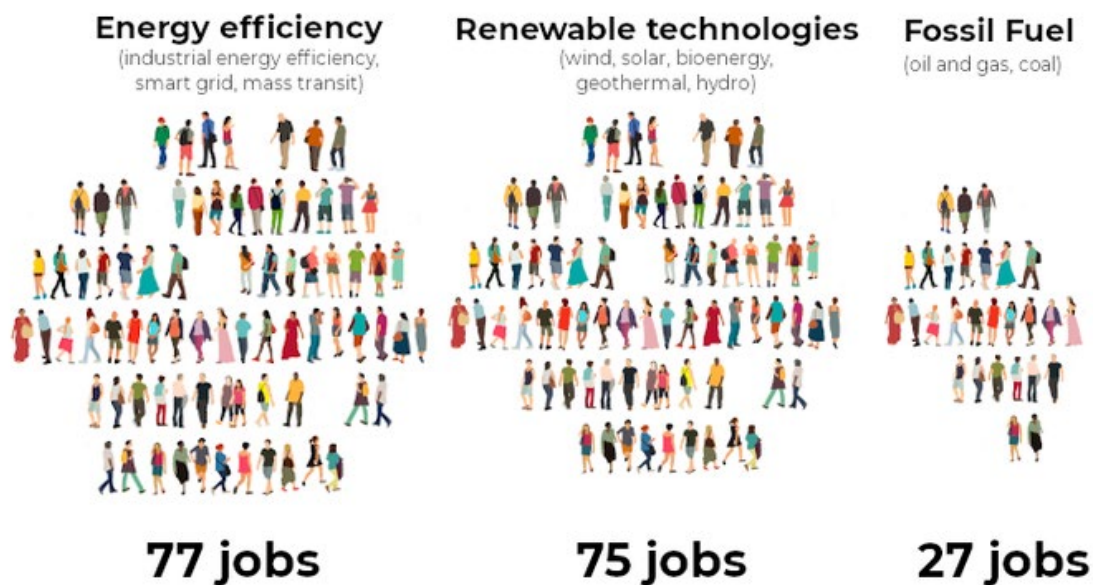


Chart: The Conversation Canada • Source: SumOfUs

In terms of *how* the transition occurs, redirecting the billions of dollars in subsidies that the federal government currently provides the fossil fuel industry to renewable energy and energy efficiency projects is a good place to start. This could create far more jobs while also making a contribution to our emissions reductions targets.

Paths to a fossil-free Canada

Beyond this, there are plenty of good proposals to bring about deep emissions reductions through everything from increased investments in public transportation to regenerative agriculture.



Jobs created, directly and indirectly, per \$10 million in government spending. (Data: H. Garrett-Peltier, Economic Modelling, pp. 439-47, 2017)

It is also clear that we should invest more in care work — so that we have more and better-paid nurses, and universal child care. Jobs in this sector are low-carbon and, as the pandemic has demonstrated so vividly, essential to the functioning of our society.

We can also think outside the box. The pandemic response has substantially increased awareness and acceptance of previously overlooked policy options such as universal basic income, job guarantees, and a shorter work week.

Read more: [How to build a better Canada after COVID-19: Transform CERB into a basic annual income program](#)

Reimagining our relationship to work and focusing on outcomes that address [inequality](#) and improve [well-being](#) can help us to [reduce our emissions](#) as well as our reliance on the industries that can no longer offer the employment opportunities that we need.

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