

Dissecting the Debate

Canada and the Kyoto Protocol



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Beginning in October 2002, Canada25 chapters in five cities across the country met to discuss an issue dominating the headlines throughout the fall – the federal government’s plan to ratify the Kyoto Protocol by the end of the year. Members in Calgary, Edmonton, Toronto, Ottawa and Montreal debated the strengths and weaknesses of the Protocol itself, as well as the federal implementation strategy and a competing “Made in Canada” alternative proposed by the government of Alberta.

Almost 75 Canada25 members participated in this debate – either by attending a regional meeting or by offering their views and their vision as members of an email-based virtual team. Their recommendations can be found in Canada25’s Kyoto op-ed *Cooling the Hot Air*. This document is a more nuanced examination of our conversations across the country, with a particular emphasis on the seven key themes we saw repeated time and again:

1. **Ratification is, broadly, a good thing.** Ottawa and Edmonton were almost universally in favor of ratification – as were the dozen or so members of the virtual team. Calgary and Toronto were more sympathetic to the idea that the most successful policy initiatives to cut greenhouse gas emissions (GHGs) could easily happen through a “Made in Canada” strategy. Those members opposed to ratification also argued that Canada’s targets are inappropriate for a net energy producer – i.e. they object to the fact that Kyoto treats us more like France than Norway.
2. **However, the rush to ratify seems based on political concerns – not policy ones.** Even the advocates of ratification felt that Ottawa had done a very poor job of making its case to a wide range of stakeholders, from industry to the provinces to consumers. Many participants argued that the federal government’s push to ratify Kyoto by year-end was a direct result of Prime Minister Jean Chrétien’s search for a policy legacy. Although Kyoto has been the subject of federal-provincial negotiations since 1997, Ottawa only threw its full bureaucratic weight behind ratification after the PM announced his retirement intentions in late August. The Liberal promise to invoke closure to terminate the parliamentary debate over ratification also generated considerable unease.
3. **Moreover, the federal government’s implementation strategy is full of holes.** First of all, the government’s strategy assumes that the EU and other signatories will give Canada emissions credits for its “clean” natural gas exports – and unlikely scenario in our view, and a move that Calgary particularly opposed. Second, we categorically reject Ottawa’s plan to buy additional credits from countries like Russia – whose economic devastation has seen its GHG emissions already fall below 1990 levels. However, an interprovincial emissions credit transfer system – proposed by Edmonton – would have far more support. Calgary and Edmonton were particularly concerned at damage done to key federal-provincial relationships by the federal government’s accelerated approach.
4. **Addressing global warming must include a major consumer-based, grassroots effort.** Conservation must be part of the implementation equation, but this will require a concerted educational campaign to personalize the issue for Canadians still largely unaware of just how their day-to-day behaviour affects GHG emissions. How many tonnes of emissions are each of us responsible for each year? What behavioural changes can have an immediate effect on GHG emissions?
5. **Carrots and sticks are both important.** Montreal, among others, argued that governments should bite the electoral bullet and consider rolling out taxes aimed at the most intensive polluters – such as sport-utility vehicles (SUVs), long-haul transport trucks and the most fuel-inefficient factories. Calgary also suggested that environmentally-friendly initiatives should get a tax break. Many participants also backed tax credits or subsidies designed to spur retrofitting – especially in the wake of a

study released by the Canadian Center for Policy Alternatives that found that \$1 million invested in retrofitting creates more than four times as many new jobs as the same amount invested in traditional energy extraction.

6. **If Canada doesn't move on this, we'll be left behind by the EU – and even the US.** Although Kyoto opponents argue that the Protocol will leave us at a competitive disadvantage vis-à-vis the United States, the US is already moving ahead with plans to greatly increase its investment in alternative energy R&D. President Bush's proposed budget for FY2003 allocates \$4.5 billion for global climate change-related activities – an increase of \$700 million from the previous year – as well as \$4.6 billion in renewable energy tax credits over the next five years. Many US cities, including Seattle and Salt Lake City, have pledge to meet or beat a greenhouse gas reduction target of 7% below 1990 levels (the same commitment agreed to by the Clinton administration in 1997). Meanwhile, the EU is investing billions of euros in hydrogen fuel cell research, and preparing to roll out a continent-wide emissions-trading system in 2005.
7. **There can be a positive-sum relationship between environmental gains and economic profits.** Global reinsurer Swiss Re estimates that the annual global market for trading carbon credits could be worth as much as US \$2 trillion by 2012, while the market for clean energy could stand at \$1.9 trillion by 2020. In fact, Royal Dutch/Shell estimates that 50% of the world's energy needs in 2050 will be met by renewable energy sources. Canada should follow the UK's lead and adopt an internal emissions-trading regime – similar, perhaps, to the program the US developed to reduce the sulphur dioxide and nitrous oxide emissions leading to acid rain. Moreover, Canada already has a host of cutting-edge energy firms – both alternative energy innovators like Ballard Power Systems (despite its recent stock-market travails) and companies expanding beyond their traditional resource base like TransAlta (which just completed a multi-million dollar purchase of Vision Quest Windelectric). We have a legacy we can build on, but we need a concerted and determined effort – both politically and financially – to make this happen.

Bottom line: We need to see ratification as an opportunity – not as an albatross hanging around our economic neck. We call for public/private partnerships that can jump-start Canada's bid to become a leading global player in the clean extraction of fossil fuels and in the generation of renewable energy – and we call on consumers to make a personal, individual commitment to grassroots GHG emission reductions.