

## **Bill C-288, the *Kyoto Protocol Implementation Act***

*Presentation by Matthew Bramley to the House of Commons Standing Committee on Environment and Sustainable Development, November 28, 2006*

Although this isn't the first time I've had the privilege of addressing this committee, I'll take a moment to introduce myself. I'm the director of the climate change program at the Pembina Institute, which is one of Canada's largest environmental NGOs. The Pembina Institute is a strictly non-partisan, not-for-profit organization focused on sustainable energy solutions. We work with any political or corporate leaders who want to take meaningful action on climate change. And we're not afraid to criticize when we see a failure of leadership or responsibility.

I've worked full time on Canada's response to the climate change issue for the past seven years. I believe I've participated in all the key federal and national policy discussions and processes during that period. I've published numerous analytical reports and opinion articles on Canadian climate policy, and I've addressed the issue many times in the media.

There's abundant evidence that climate change is among the biggest threats facing the world, perhaps the biggest. Tony Blair, to give one example, has called climate change "a challenge so far-reaching in its impact and irreversible in its destructive power, that it alters radically human existence."<sup>1</sup>

So this is an issue that goes far beyond the environment. We're talking about impacts on billions of people and economic costs that could be catastrophic. Responding adequately to this challenge demands extraordinary leadership and commitment from those who find themselves in positions of responsibility.

The Pembina Institute strongly supports C-288 and I'd like to make three points today to validate that position. The first point is the urgency of implementing policies to begin cutting greenhouse gas emissions, and the importance of Kyoto in making that happen. The second is that meeting Canada's Kyoto target is a legal obligation that cannot be treated as optional. The third is that Canada is certainly able to meet its Kyoto target at a reasonable cost if our government acts quickly, and recognizes the value of the international Kyoto mechanisms.

First, then, on urgency. You've already heard very clearly from leaders of Canada's climate science community that there's an urgent need to cut greenhouse gases. They explained to you that the long time lags in the climate system demand action now to prevent future impacts. Mark Jaccard, one of Canada's most accomplished climate policy experts, told you that "strong policies" should be "implemented immediately" because long-lived capital stock is being replaced continually, and we have to start replacing it with less greenhouse gas-intensive choices.

That brings me to my point. To start playing a responsible role in preventing climate change, Canada needs an ambitious, legally binding short-term target for reducing its greenhouse gas emissions total —

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<sup>1</sup> Speech, London, September 14, 2004.

so that governments feel obliged to act immediately with strong policies. That's why Kyoto is so important, not because it's perfect, or is more than a first step, or necessarily has exactly the right target. But if Canada abandons that target, the pressure will be off. Even if the Kyoto target is replaced by a different short-term target, it will be a voluntary one at the international level because other countries are not going to let Canada reopen negotiations on this. And we know that voluntary doesn't work.

Turning to my second point, for nearly two years now Kyoto has been part of international law. Bill C-288 calls for the Government of Canada to do two things: first, to meet the emissions target set by Kyoto, by any combination of regulations and other measures that it chooses; and second, to be transparent about how it intends to do so. I don't believe that opposition to this bill arises from the transparency provisions. Opposing it because of a belief that Canada cannot or should not meet the target is equivalent to saying that Canada cannot or should not obey international law.

I think we need to be very clear about this, because Canadians care about Canada being a good international citizen, keeping our promises and meeting our obligations. We also need to be mindful of the possibility that another country that is party to the Kyoto Protocol could pursue legal action against Canada on this issue.

And because our Kyoto target is a legal obligation, I believe the time has long passed since we could have a debate about the target as a "take-it-or-leave-it" option. Canada had that debate in 2002 — it was a very vigorous one — and the government of the day decided to ratify the treaty. My understanding is that the present government has made a decision not to withdraw. So now we need to focus on meeting our legal obligations, not call them into question.

In my view it is not only inappropriate but also unnecessary to call those obligations into question — and this is my third point — because Canada's Kyoto target is achievable.

Achieving it will require the government to move as quickly as possible to implement a comprehensive set of regulations and financial incentives to drive energy efficiency and a switch to cleaner energy sources. But as you've heard, that will only get us part of the way to the target in the limited time that remains. Canada will also need to embrace the option of financing cost-effective emission reduction projects in poorer countries.

This option must stop being treated as something that is wasteful or shameful. We need to challenge the assumption that "sending billions of dollars abroad" is necessarily a bad thing. Canadians constantly sends billions of dollars abroad in exchange for goods and services. Why not for environmental benefits?

Kyoto credits from developing countries come from specific emission reduction projects that have to go through a rigorous, transparent process to show the reductions are genuine. It needs to be clearly understood that reducing greenhouse gas emissions in India, Kenya or Chile has precisely the same benefits in preventing climate change in Canada as reducing emissions here. And there are opportunities for Canadian technology providers too.

So Richard Paton was simply wrong when he told you that “buying credits will... neither help our economy nor help our environment.”

Jayson Myers claims that the total cost of credits to meet Canada’s Kyoto target would be \$20 billion, but he’s using a price of \$20 per tonne, considerably higher than current prices. John Drexhage’s estimate — \$10 billion plus — is more credible, although I still think it likely underestimates the domestic reductions that could be achieved if sufficient efforts were made with sufficient urgency.

These funds need to be thought of as a kind of specially targeted Official Development Assistance. The amounts are modest when they’re viewed in that light. To take John Drexhage’s figure, 10 billion to be spent between now and the end of 2012 would make \$1.7 billion per year. In 2005 Canada spent \$4.5 billion on Official Development Assistance.<sup>2</sup> If we had met the international standard of 0.7% of GDP, Canada would have spent \$9.6 billion.<sup>3</sup>

Here’s another comparison. In 2005/2006, the federal government received \$33 billion from the GST.<sup>4</sup> That means a cut in the GST of one percentage point is worth about \$5 billion per year — three times more expensive than what is being estimated for Kyoto credits. Parliamentarians might wish to consider the relative importance of cutting the GST by one percentage point versus keeping Canada’s international promises, providing targeted and much-needed assistance to poorer countries and significantly reducing the emissions that are causing one the biggest threats facing the world.

There’s something else to consider here. The financial liability that Canada faces as a result of sharp increases in our greenhouse gas emissions should not be borne solely by the government, but shared, where that can reasonably be done, by those whose emissions increased. For instance, one-third of the increase in Canada’s greenhouse gas emissions between 1990 and 2004 came from the oil and gas industry.<sup>5</sup> If regulated targets were in place for industrial emitters by 2008, when the Kyoto compliance period starts, they could shoulder some of the costs of acquiring Kyoto credits. And these costs can be small compared to profit margins: the most efficient oil sands producers could reduce their net emissions all the way to zero for less than \$1 per barrel of oil if they acquired credits at \$12 per tonne, the current average price.

Overall, then, we need to view emissions trading as a bridge to enable a company or a government to take responsibility for emissions cost-effectively now when its optimal opportunity to put in place new technology may be a few years down the road.

I’d like to conclude by reminding you of Kofi Annan’s remarks at the UN climate conference in Nairobi two weeks ago. He said: “While the Kyoto Protocol is a crucial step forward, that step is far too small. And as we consider how to go further still, there remains a frightening lack of leadership.”<sup>6</sup> In other words, Mr. Chairman, meeting Kyoto targets is a minimum, and Canada needs to stay the course.

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<sup>2</sup> Source: OECD (see <http://www.oecd.org/dataoecd/34/27/36418598.pdf>).

<sup>3</sup> Source for GDP data: Statistics Canada (<http://www40.statcan.ca/101/cst01/econ04.htm>).

<sup>4</sup> Source: Finance Canada (see [http://www.fin.gc.ca/afr/2006/afr2006\\_1e.html](http://www.fin.gc.ca/afr/2006/afr2006_1e.html)).

<sup>5</sup> Source: Environment Canada (see [http://www.ec.gc.ca/pdb/ghg/inventory\\_report/2004\\_report/toc\\_e.cfm](http://www.ec.gc.ca/pdb/ghg/inventory_report/2004_report/toc_e.cfm)).

<sup>6</sup> Speech, Nairobi, November 15, 2006.