Evaluation of the Government of Canada's Greenhouse Gas Reduction Policies, Prepared for the *Climate Change Performance Index 2011*

By Matthew Bramley
November 2010

This evaluation was prepared by the Pembina Institute as input to the *Climate Change Performance Index 2011*. The index, published by Germanwatch and Climate Action Network Europe, ranks countries' performance in controlling greenhouse gas (GHG) emissions. Full information on the index, including countries' rankings, is available at http://www.germanwatch.org/ccpi.htm.

This document consists of detailed responses to the standard questionnaire used to compile the national government policy component of the *Climate Change Performance Index*. Policies are rated as follows:

1= very good ***2= good*** ***3= neutral*** ***4= poor*** ***5= very poor***

Summary of ratings of Government of Canada policies

Sector	Policy	Rating
Energy production	Financial support for large-scale demonstration of carbon capture and storage	4
	Tax incentives for renewable energy production	4
	Proposed GHG regulations for coal-fired electricity	4
	Overall	*5*
Manufacturing	Canadian Industry Program for Energy Conservation (information)	4
	ecoENERGY for Industry (incentives)	3
	Pulp and Paper Green Transformation Program (incentives)	3
	Overall	*4*
Transport	GHG regulations for cars and light trucks	4
	Biofuel blending regulations and incentives	3
	Investments in public transit infrastructure	3
	Overall	*4*
Buildings	Energy Efficiency Regulations	2
	ecoENERGY Retrofit Incentive for Buildings	4
	Overall	*4*
Kyoto commitments	Chance of reaching Kyoto target with current policies	5
International climate policy	Performance at recent UNFCCC conferences	4
	Performance at other recent international conferences	5
International climate finance	Adequacy of pledge for "fast start" finance	4

I. Energy production

1. Does your country have any national policies and/or measures for the reduction of carbon dioxide (CO_2) in the energy sector?

Yes

2. If yes, please list the most important national policies and measures (max. three) for the reduction of CO_2 in the energy sector and rate them according to their effectiveness.

A. Financial support for large-scale demonstration of carbon capture and storage[1]

The federal government has committed nearly $800 million[2] for four proposed large-scale carbon capture and storage (CCS) demonstration projects to be constructed in the next several years: $343 million for TransAlta's Project Pioneer coal-fired power project in Alberta, $240 million for SaskPower's Boundary Dam coal-fired power project in Saskatchewan, $120 million for Shell's Quest Project at its Alberta oil sands upgrader, and $63 million for Enhance Energy's Alberta Carbon Trunk Line CO_2 pipeline. The funding for the Boundary Dam project was a one-off commitment in the 2008 federal budget; most of the remaining federal money is drawn from the Clean Energy Fund ($1 billion over five years) announced in the 2009 budget, with a smaller portion coming from the ecoENERGY Technology Initiative ($230 million over four years) announced in 2007.

If they are built, the four projects are expected to reduce annual GHG emissions by about 3 megatonnes CO_2 equivalent (Mt CO_2e), relative to business-as-usual levels, starting around 2015. By way of comparison, Environment Canada projected in 2009 that Canada's total annual industrial GHG emissions (including electricity generation) would increase by 58 Mt CO_2e between 2010 and 2020 under business-as-usual conditions, with 50% of this increase coming from the expansion of Alberta's oil sands operations. Thus, the emission reductions from the funding for demonstration of CCS will cancel out only about 5% of the projected increase in Canada's industrial emissions.

There is a significant chance that one or more of the projects may not proceed, if the proponents decide that the government subsidies are not sufficient to make them economically viable in the absence of an adequate carbon price (see "Additional comments" below).

- ***Rating: 4 (poor; the expected emission reductions are small compared to projected emission increases, and the perceived need for such large subsidies to major polluters is a consequence of governments' failure to implement either an adequate carbon price or a requirement to implement CCS to ensure that polluters start shouldering the additional cost of the technology themselves)***

B. Tax incentives for renewable energy production

The Class 43.1 accelerated capital cost allowance rate and Canadian Renewable and Conservation Expenses (CRCE) were introduced in the 1996 federal budget to promote energy efficiency and small- to medium-scale renewable energy. Class 43.1 in Schedule II of the Income Tax Act allowed taxpayers an accelerated write-off at up to 30% per year of equipment generating electricity from wind, small hydro, biomass, solar photovoltaic (PV), geothermal and

[1] The information in this document is mostly drawn from federal government publications. All information sources can be provided by the authors on request.
[2] All dollar amounts in this document are in Canadian funds.

certain cogeneration systems. Accelerated write-offs allow a firm to defer tax payments into the future, resulting in an implicit interest-free loan.

The 2005 federal budget created a new category, Class 43.2, which provides an increased capital cost allowance rate of 50% for all new renewable energy generation equipment of the types included in Class 43.1. The 2006 budget expanded the scope of cogeneration systems included in Class 43.1/43.2. Budget 2007 further increased the scope of Class 43.2 to include wave, tidal and solar energy, stationary fuel cells, biogas from organic waste, and pulp and paper waste fuels. Budget 2008 added ground source heat pumps and additional types of biogas and bio-oil systems. Budget 2010 added a broad range of heat-recovery equipment, plus distribution equipment used in district energy systems that rely primarily on ground source heat pumps, active solar systems or heat recovery equipment.

CRCE is a category of 100% tax-deductible expenditures associated with the start-up of projects for which at least 50% of the capital costs of the property would be described in Class 43.2. Expenses eligible under CRCE include, for example, service connection costs incurred to transmit power from the project to the electric utility and test wind turbines.

A number of small hydro facilities have been made economically viable by the Class 43.1/43.2 accelerated capital cost allowance rate alone, but Class 43.1/43.2 and CRCE do not appear, on their own, to have resulted in the installation of any other kinds of renewable energy production facilities.

- ***Rating: 4 (poor; these incentives appear too weak to be effective on a large scale)***

C. Proposed GHG regulations for coal-fired electricity

In June 2010, then-federal Environment Minister Jim Prentice announced the government's intention to regulate GHG emissions from coal-fired electricity generation. Starting in 2015, the regulations would require new coal-fired power plants, as well as plants that had reached the end of their economic life (defined as 45 years), to meet an emissions intensity standard corresponding to high-efficiency natural gas-fired electricity generation. As no GHG offsets would be allowed, new and end-of-life coal-fired plants would need to use CCS, large-scale biofuel co-firing or conversion to natural gas to meet the standard. The government plans to publish the draft regulations in April 2011.

It is not yet clear by how much these regulations would reduce emissions relative to business-as-usual levels in the medium term, given that many existing plants would not be affected until after 2020, and that new plants taking steps towards implementing CCS would be exempted from the standard until 2025. In addition, although Minister Prentice committed to "guard against any rush to build non-compliant coal plants in the interim" (i.e., before 2015), it is not yet clear how that will be achieved.

- ***Rating: 4 (poor; for many existing plants, as well as plants taking steps towards CCS, emission reductions would be delayed for many years; also, the natural gas-based standard means a missed opportunity to move to zero-emission power generation)***

3. Considering its current emission reduction (or limitation) requirements on the one hand, and its potential to reduce emissions on the other, how do you rate your country's current national climate policy in the energy sector?

- ***Rating: 5 (very poor; assessment dominated by the absence of a carbon price, regulations on industrial emissions, or current support for expansion of renewable electricity generation — see below)***

4. Additional comments:

Between 1990 and 2008, GHG emissions from Canada's oil and gas industry grew by 58%, and GHG emissions from Canadian electricity generation by 25%. There is broad agreement that the key policy needed to slow down and reverse these increases is a carbon price — a price on emissions implemented either through a cap-and-trade system or a tax. Failing that, some other form of regulation of industrial emissions is needed.

Despite promising on several occasions to regulate GHG emissions from heavy industry (including electricity generation) in the near term, and to allow compliance through emissions trading, the federal government currently has no specific proposal to do so. After the election of Barack Obama as U.S. President, the Government of Canada abandoned the Regulatory Framework for Industrial GHG Emissions that it announced in March 2008. The government's current publicly stated position is that it will implement a cap-and-trade system *only* in tandem with a U.S. federal system — something that the U.S. Congress is virtually certain not to legislate for the next two years.

The Obama Administration is now moving to regulate GHG emissions from large industrial facilities using its existing authorities under the Clean Air Act, with regulations for modified facilities entering into force in January 2011 and for new facilities in July 2011. In April 2010, Canadian Environment Minister Prentice stated that "if the United States is prepared to go down a regulatory road, then we are prepared to go down that road on a continental basis." However, there is no sign yet that Canada will introduce its own versions of the forthcoming U.S. regulations.

Previous years' editions of this document highlighted the ecoENERGY for Renewable Power program as the major federal policy supporting renewable electricity. This program provides incentive payments of one cent per kilowatt-hour for ten years to low-impact renewable electricity generation projects, and it has been a key factor in growing Canada's green power industry. However, all the money in the program had been allocated to specific projects by the end of 2009, so although the program is still making payments to older projects, we do not consider it to be current, since it is no longer stimulating new investments in renewable energy.

It should also be noted that the Next Generation Renewable Power Initiative, a program to support renewable energy in the forestry sector announced in the 2010 federal budget ($100 million over four years), has been converted to a program called Investments in Forest Industry Transformation. This will provide grants for the production of "higher value co-products that include bioenergy, bio-chemicals and bio-materials." It is not yet clear whether this program will significantly increase renewable energy production.

II. Manufacturing

1. Does your country have any national policies and/or measures for the reduction of CO_2 in the manufacturing and construction sector?

Yes

2. If yes, please list the most important national policies and measures (max. three) for the reduction of CO_2 in the manufacturing and construction sector and rate them according to their effectiveness.

A. Canadian Industry Program for Energy Conservation

In 1975, the federal government launched the Canadian Industry Program for Energy Conservation (CIPEC), a voluntary partnership with industry to improve Canada's industrial energy efficiency. The program provides several tools to improve energy efficiency, including incentives for industrial energy audits, energy management workshops, and access to a knowledge-sharing and learning network for industrial energy management practitioners. The program was eventually extended to all sectors, including mining, manufacturing, construction, electricity and oil and gas. However, according to the Commissioner of the Environment and Sustainable Development, total reductions in annual GHG emissions by March 2006 as a result of CIPEC were only 1.3 Mt CO_2e.

In January 2007, the federal government announced $20 million (over four years) for the ecoENERGY for Industry program, to be delivered through CIPEC, with the aim of accelerating energy-saving investments by industry. This program includes two new financial incentives: the ecoENERGY Retrofit Incentive for Industry and the ecoENERGY Assessment Incentive for Industry; these are assessed separately below.

- ***Rating: 4 (poor; the program provides helpful information but produces very limited emission reductions)***

B. ecoENERGY for Industry: ecoENERGY Retrofit Incentive for Industry and ecoENERGY Assessment Incentive for Industry

The ecoENERGY Industry program was announced in January 2007 with $20 million of funding over four years. It includes the ecoENERGY Retrofit Incentive, providing up to 25% of project costs to a maximum of $50,000 per application and $250,000 per corporate entity to help small- and medium-sized industrial facilities implement energy-saving projects. To be eligible for funding, a retrofit project must involve capital expenditures that modify or upgrade an existing industrial building, equipment/system, or process. The expenditures must also have a net simple payback period of more than one year. Projects must be completed by March 31, 2011, at which date the program will finish.

The ecoENERGY Industry program also includes the ecoENERGY Assessment Incentive, which provides up to 50% of audit costs to a maximum of $50,000 to help industrial companies identify energy-saving opportunities in a large or moderately complex industrial process.

- ***Rating: 3 (neutral; the program is good but its scale is insufficient)***

C. Pulp and Paper Green Transformation Program

The Pulp and Paper Green Transformation Program was announced in June 2009 as part of the federal government's response to the economic recession. Under the program, $1 billion has been allocated among 38 pulp and paper mills across Canada, with the funds to be spent by March 31, 2012 on "capital investments... that result in demonstrable improvements in environmental performance." The funds can cover 100% of project costs. Between October 2009 and November 2010, funding was announced for over 20 individual projects, which focus almost entirely on improving energy efficiency or increasing renewable (biomass) energy production. According to Natural Resources Canada's estimates of GHG emission reductions from individual projects, it appears that the program, when complete, may reduce annual GHG emissions by an amount on the order of 1 Mt CO_2e. However, it is possible that some of the projects would have occurred in the absence of government support, in which case emission reductions relative to business-as-usual levels would be smaller.

- ***Rating: 3 (neutral; the program appears to be reasonably effective, but 100% public subsidy of industrial emission reductions — as opposed to implementing a carbon price or regulations on industrial emissions — is an approach that will be difficult to sustain, and one that cannot be implemented broadly across the economy)***

3. Considering its current emission reduction (or limitation) requirements on the one hand, and its potential to reduce emissions on the other, how do you rate your country's current national climate policy in the manufacturing and construction sector?

- ***Rating: 4 (poor; assessment dominated by the absence of a carbon price or regulations on industrial emissions — see below)***

4. Additional comments:

In contrast to the rapid growth in emissions from energy production, GHG emissions from Canadian manufacturing fell by 12% between 1990 and 2008. However, Environment Canada projected in 2009 that GHG emissions from manufacturing would increase again by 27% between 2010 and 2020 under business-as-usual conditions. To prevent this from happening, Canada will need to implement an adequate carbon price — a price on emissions implemented either through a cap-and-trade system or a tax — or, failing that, some other form of regulations on industrial emissions. Unfortunately, as noted above (Sec. I.4), the federal government currently has no specific proposal to do so.

III. Transport

1. Does your country have any national policies and/or measures for the reduction of CO_2 in the transport sector?

Yes

2. If yes, please list the most important national policies and measures (max. three) for the reduction of CO_2 in the transport sector and rate them according to their effectiveness.

A. GHG regulations for cars and light trucks

In October 2010, the federal government finalized regulations for tailpipe GHG emissions from light-duty vehicles for model years 2011–16, closely modelled on U.S. federal regulations.

If the historical downward trend in vehicle fuel efficiency is taken as an accurate guide to business-as-usual going forward, the targets in the regulations appear to require no improvement, relative to business-as-usual, in the national average fuel economy of new vehicles up to and including model year 2014 at a minimum, and, for light trucks, possibly over the regulations' entire lifespan (up to and including model year 2016). This conclusion is uncertain because of complexity and lack of transparency in the government's calculations of the regulations' effect. However, the regulations' provisions for automakers to receive a very large volume of early action credits, as well as credits for out-performing the targets in earlier years, make it even less likely that the regulations will require any improvement over business-as-usual up to and including 2015 or even 2016.

In addition, the harmonized Canada-U.S. regulations would allow the Canadian personal vehicle fleet to lose its historical fuel efficiency advantage over the U.S. fleet.

At the same time as it published the finalized regulations for model years 2011–16, the Government of Canada announced its intention to develop regulations implementing "tighter

emission standards" for 2017 and later model years. These are to be harmonized with those now being developed by the U.S. government in collaboration with the government of California.

- ***Rating: 4 (poor; while it is important to have established Canada's first federal GHG regulations, it is not clear that the current regulations provide an environmental benefit beyond business-as-usual, and the ultimate effectiveness of the regulations for 2017 onwards remains uncertain at this point)***

B. Biofuel content regulations and incentives

In September 2010, the federal government finalized regulations requiring an annual average biofuel content of 5% in gasoline sold in Canada starting on December 15, 2010. The regulations also provide for an annual average biofuel content of 2% in diesel fuel and home heating oil (combined), but this target will need to be brought into force by an amendment to the regulations. The government intends to do this by 2011, "subject to successful demonstration of technical feasibility."

In December 2006, the government announced funding to support the achievement of these biofuel targets: $200 million over four years (now extended to five) was allocated to the ecoAGRICULTURE Biofuels Capital Initiative, to help agricultural producers invest directly in biofuel production facilities; and $145 million over five years to the Agriculture Bioproducts Innovation Program to help finance research and development in biofuels and other forms of bioenergy, biochemicals and biopharmaceuticals.

In the 2007 federal budget, the government announced additional funding of up to $2 billion for a biofuels strategy. Up to $1.5 billion was allocated to the ecoENERGY for Biofuels program, which provides incentive payments, declining over time, to producers of renewable alternatives to gasoline (currently 9 cent/litre) and diesel (currently 20 cent/litre); these incentives have replaced the previous excise tax exemption for renewable fuels. The program is no longer accepting applications, and the funds will now be gradually paid out to the selected projects up to March 31, 2017. Accordingly, we do not consider ecoENERGY for Biofuels to be a current program, since it is no longer stimulating new investments in biofuels production.

The remaining $500 million announced in the 2007 budget is being invested by Sustainable Development Technology Canada, through its NextGen Biofuels Fund, for "the establishment of first-of-kind commercial scale demonstration facilities for the production of next-generation renewable fuels and co-products."

While next-generation biofuels like cellulosic ethanol are expected to reduce GHG emissions compared with gasoline, conventional biofuels like ethanol made from corn or wheat may not result in any net emission reductions — particularly once their impact on indirect land use changes is factored in. However, the federal biofuel content regulations make no distinction between conventional and next-generation biofuels, thereby ignoring the issue of indirect land use changes. Compliance with the regulations is expected to be almost entirely through conventional biofuels, which means the regulations may not produce net emission reductions.

- ***Rating: 3 (neutral; the impact on emissions in the near term will at best be very limited; there is potential for greater emission reductions in the longer term from the investment in next-generation biofuels)***

C. Investments in public transit infrastructure

According to the Canadian Urban Transit Association (CUTA), "over the last decade, Canada's federal, provincial and municipal governments have greatly increased capital funding to expand

and renew transit systems." At the same time, CUTA notes that "Canada remains the only G8 nation without a central policy of predictable, long-term support for public transit."

Current federal investments in transit infrastructure stem from a November 2007 plan called Building Canada, and from commitments in the 2009 federal budget.

Building Canada comprises a total of $33 billion of infrastructure spending during 2007–14. However, $5.8 billion of this (the Goods and Services Tax Rebate) need not actually be spent on infrastructure. Transit is just one of six eligible categories under the Gas Tax Fund ($11.8 billion out of the total), one of five categories under the Building Canada Fund ($8.8 billion), and is not mentioned as a priority for the other components of the $33 billion plan.

In its 2009 budget, the federal government announced a $4 billion Infrastructure Stimulus Fund (limited to projects that could be built by March 2011), a $1 billion Green Infrastructure Fund (over five years) and an extra $500 million for the small communities component of Building Canada. Public transit was one of several categories of projects eligible for these funds, but only a small proportion of the money has been used for public transit to date. However, in the same budget, the government did pledge $407 million to VIA Rail Canada (intercity passenger rail) "to undertake infrastructure and other capital improvements."

CUTA's most recent national survey has identified a need for $53.5 billion in transit capital investment during 2010–14, of which $36 billion is expected to be met by existing programs, leaving an unmet need for $17.5 billion.

- ***Rating: 3 (neutral; federal investments have increased in recent years but they remain unpredictable, and needs are still far from being met)***

3. Considering its current emission reduction (or limitation) requirements on the one hand, and its potential to reduce emissions on the other, how do you rate your country's current national climate policy in the transport sector?

- ***Rating: 4 (poor; assessment influenced by the absence of adequate policies to address rapidly growing emissions from freight trucks, which now account for close to 40% of GHG emissions from road vehicles — see below)***

4. Additional comments:

To date the federal government has failed to adopt adequate policies to control GHG emissions from freight trucks, despite these emissions having increased by 76% between 1990 and 2008; freight trucks now account for close to 40% of Canadian GHG emissions from road vehicles. In February 2007, the government announced $61 million over four years for its ecoFREIGHT program, the most significant component of which is the Freight Technology Incentives Program, which provides up to 50% of the costs for the purchase and installation of "proven emission-reducing technologies." However, by 2010–2012 the government expects ecoFREIGHT to reduce annual GHG emissions by only about 1.2 Mt CO_2e relative to business-as-usual; the National Round Table on the Environment and the Economy has called this a "likely overestimate."

In May 2010, the federal government announced its intention to regulate GHG emissions from new heavy-duty vehicles for model years 2014–18. The regulations are to be "aligned" with those being developed by the U.S. government. In October 2010, Environment Canada confirmed that the regulations are to apply to all heavy-duty on-road vehicles, except for trailers designed to be attached to on-road tractors (the tractors themselves would be regulated).

However, there is not yet any clear indication of the regulations' stringency. Draft regulations are to be published in mid-2011, and a finalized version is due in December 2011.

IV. Buildings

1. Does your country have any national policies and/or measures for the reduction of CO_2 in the buildings sector?

Yes

2. If yes, please list the most important national policies and measures (max. three) for the reduction of CO_2 in the buildings sector and rate them according to their effectiveness.

A. Energy Efficiency Regulations

In 1992, Canada enacted an Energy Efficiency Act, empowering the government to adopt regulations for minimum energy performance standards and a labelling scheme for a wide range of appliances and other energy-using products imported into Canada or produced in Canada and shipped between provinces. The first Energy Efficiency Regulations came into effect in 1995. They have since been amended several times to simplify administrative requirements for certain sectors, to introduce standards for additional products and to tighten existing standards.

Since 2007, the federal government has been developing new standards for several products that are not currently regulated and more stringent standards for several products that are already. In the case of lighting, the government has committed to phase out incandescent light bulbs in common applications by 2012. An amendment to the regulations setting new standards for seven products and improved standards for four others was finalized in December 2008; a second amendment setting standards for six new products and improved standards for eight others was published as a draft in June 2010, and is expected to be finalized soon. A third amendment is currently being developed for several other products.

By 2012, the government expects these amendments (in combination with labelling programs) to reduce annual GHG emissions by 3 Mt CO_2e relative to business-as-usual, although the National Round Table on the Environment and the Economy finds this to be somewhat overestimated.

The government has strengthened its ability to regulate energy efficiency by introducing amendments to the Energy Efficiency Act; the amendments received royal assent as Bill S-3 in May 2009. They include new authority to regulate classes of products as well as products that affect or control energy consumption (such as windows or thermostats); and a requirement that the government regularly "demonstrate the extent to which the energy efficiency standards prescribed under this Act are as stringent as comparable standards established by" a Canadian provincial government, federal or state governments in the U.S., or Mexico.

- ***Rating: 2 (good)***

B. ecoENERGY Retrofit Incentive for Buildings

The ecoENERGY for Buildings and Houses program was announced in January 2007 with $60 million of funding over four years. It includes the ecoENERGY Retrofit Incentive for Buildings, providing up to 25% of eligible costs for energy efficiency retrofits to buildings up to 20,000 m^2, up to a maximum of $50,000 per application and $250,000 per organization. Projects must be completed by March 31, 2011, at which date the program will finish.

- ***Rating: 4 (poor; the program is appropriate, but excludes the largest buildings, and it is not part of a plan to undertake energy efficiency retrofits on the scale needed)***

3. Considering its current emission reduction (or limitation) requirements on the one hand, and its potential to reduce emissions on the other, how do you rate your country's current national climate policy in the buildings sector?

- ***Rating: 4 (poor; assessment influenced by the expiry of the federal program for energy efficiency retrofits to homes and the absence of any incentives for the construction of new energy-efficient buildings — see below)***

4. Additional comments:

The federal government began providing grants for energy efficiency retrofits to homes in late 2003, under the EnerGuide for Houses (EGH) program. By the end of 2005, the government had allocated a total of $452 million to the program, although by March 2006 only $37 million had been paid out in grants. In January 2007 the EGH program was replaced by the similar ecoENERGY Retrofit — Homes program. The new program was given a budget of $220 million over four years and provided grants averaging about $1,500 per home. In its 2009 budget the government gave the program an additional $300 million over two years, and then in December 2009 transferred $205 million to the program from the Clean Energy Fund (see Sec. I.2.A above) "in response to unprecedented demand." However, as of March 31, 2010, the program stopped accepting new applications and has effectively expired. The program enabled participating homeowners to reduce their energy use (and corresponding GHG emissions) by about 25% on average.

The federal government currently offers no financial incentives for the construction of new energy-efficient homes or commercial buildings. The present government cancelled the previous government's Commercial Building Incentive Program and Industrial Building Incentive Program, which provided financial incentives for new construction.

V. Kyoto commitments

1. Please rate the chance for your country to reach the Kyoto target with the recent policy.

- ***Rating: 5 (very poor)***

2. Additional comments:

The present federal government has repeatedly made clear — notably in its October 2007 Speech from the Throne — that it will not attempt to ensure Canada meets its Kyoto emissions target. Notably, Canada would need to purchase considerable volumes of international credits to meet its Kyoto target, but the government has ruled out purchasing any, and currently has no specific proposal to implement an emissions trading system. The present government has ignored the requirement of the *Kyoto Protocol Implementation Act* (a law in force since June 2007) to implement policies capable of achieving Canada's Kyoto target.

In a radio interview in November 2009, Canada's then Environment Minister Jim Prentice called the Kyoto Protocol "an international treaty that was ill-suited to Canada's needs, a treaty that was essentially a European construct."

In 2008, Canada's GHG emissions (excluding land-use, land-use change and forestry) were 734 Mt, 24% above the 1990 level of 592 Mt, placing Canada 32% above its Kyoto target of 6% below the 1990 level during 2008–12.

VI. International climate policy

1. How would you rate the international climate diplomacy of your government, considering its performance at recent UNFCCC[3] conferences?

- ***Rating: 4 (poor)***

2. How would you rate the international climate diplomacy of your government, considering its performance at other recent international conferences (e.g., G8 Summits)?

- ***Rating: 5 (very poor)***

3. Additional comments:

- At the conclusion of UNFCCC COP-13 in Bali (December 2007), Canada publicly opposed the inclusion, in the negotiating text under the Kyoto Protocol, of the indicative target range for emission reductions by industrialized countries of 25–40% below 1990 levels by 2020. The Intergovernmental Panel on Climate Change has shown that industrialized countries' combined GHG emissions need to fall within this range if they are to make a fair contribution to limiting average global warming to 2ºC — the limit broadly supported by the scientific community and now recognized by all G8 governments (see below). Later internal government documents noted that "Canada was unsuccessful in removing the reference" to the 25–40% range.
- At COP-14 in Poznan (December 2008), Canada received unusual public rebukes from the delegations of South Africa and France (then holding the EU presidency) for again opposing a reference to the 25–40% target range for 2020, and for refusing to table an ambitious national target of its own. Canada's current GHG target for 2020 is equivalent to 2% above the 1990 level, one of the weakest targets in the industrialized world.
- At the G8 Leaders' Summit in L'Aquila, Italy (July 2009), Canada accepted, for the first time, the need to limit average global warming to about 2ºC — by signing the Summit Declaration which "recognize[d] the broad scientific view that the increase in global average temperature above pre-industrial levels ought not to exceed 2°C." The Declaration also "support[ed] a goal of developed countries reducing emissions of greenhouse gases in aggregate by 80% or more by 2050 compared to 1990 or more recent years." However, Environment Minister Prentice immediately downplayed the 80% target, calling it "an aspirational objective" and stated that Canada would not be changing its own emissions target for 2050, equivalent to only a 51–63% reduction below the 1990 level. The government has since stopped making any reference to Canada's 2050 target.
- At COP-15 in Copenhagen, Canada made no new commitments, sticking to its previously announced GHG target for 2020, equivalent to 3% below the 1990 level. On the key issue of international climate financing, Canada made no prominent public statements about the scale of financing needed and did not specify the contribution it would be willing to provide (Canada has since made a pledge to "fast start" finance — see Sec. VII below). Assessing Canada's performance in Copenhagen, the *Globe and Mail*, the most prominent national newspaper, concluded: "among developed countries, it stood alone in its apparent apathy." In January 2010, Canada submitted an even weaker GHG target under the Copenhagen Accord, equivalent to 2% *above* the 1990 level by 2020 — and, in its submission, made the target conditional on the U.S. adopting the same target in enacted legislation (something that is virtually certain not to occur in the next two years).

[3] United Nations Framework Convention on Climate Change.

- In 2010, Prime Minister Stephen Harper opposed making climate change a priority issue for the G8 and G20 summits hosted by Canada, and, consistent with this, broke with usual practice by not holding a preparatory meeting of environment ministers. In advance of the summits, both European Commission President Barroso and Mexican President Calderón offered public critiques of Canada's policy of waiting for U.S. action on climate change. Although a key agenda item at the G20 summit was implementation of leaders' earlier commitment to phase out fossil fuel subsidies, Canada offered no new plans to phase out any of the current federal tax breaks to oil and gas producers, estimated to be worth at least $1.4 billion per year.

VII. International Climate Finance

The Copenhagen Accord commits developed countries to providing developing countries with "fast start" finance approaching US$30 billion for the 2010–12 period for enhanced action on mitigation (including Reducing Emissions from Deforestation and Forest Degradation, REDD), adaptation, technology development and transfer and capacity building.

1. Did your country make a pledge to "fast start" finance?

Yes

2. If yes, how would you rate the pledge regarding whether it is additional to your country's current ODA and whether the amount is satisfactory?

▶ ***Rating: 4 (poor)***

3. Additional comments:

In June 2010, the federal government announced that "Canada will invest $400 million for international climate change efforts this fiscal year." Environment and development organizations agree that $400 million per annum is in the range of Canada's fair share of the US$30 billion (over three years) fast start financing committed to in the Copenhagen Accord.

However, in October 2010 the government released details showing that Canada's 2010 contribution is effectively worth less than $400 million. This is because the bulk (72%) of the contribution is in the form of loans to the World Bank's private-sector lending arm, the International Financing Corporation — and so its real financial value to recipient countries ("grant element") will be less than its face value. Only 11% of the $400 million total is allocated to adaptation to climate impacts, despite the Copenhagen Accord's criterion of a "balanced allocation between adaptation and mitigation [reducing emissions]." And the grant portion of the $400 million will be drawn from Canada's "International Assistance Envelope" (IAE), most of which is Official Development Assistance (ODA). Although the IAE has increased by $364 million between the last fiscal year and the current one (as the final step in fulfilling a 2002 commitment to double international assistance), Canada's fast-start climate grants have nonetheless diverted money that would likely otherwise have been ODA used to combat poverty.