

Climate Change and the Reduction of Greenhouse Gas Emissions

31 October 2002

In June of 1992, representatives from 178 countries met in Rio de Janeiro, Brazil, to agree to the United Nations Framework Convention on Climate Change. 186 countries, including Canada, have ratified the Convention, which came into effect on March 21, 1994. Parties to the Convention agreed to develop national programs to reduce their emissions of greenhouse gases and to take climate change into account in such matters as agriculture, energy, natural resources, and activities involving seacoasts. The Convention encourages parties to share technology and to cooperate in other ways to reduce greenhouse gas emissions, especially from energy, transport, transportation, industry, agriculture, forestry, waste management and residential and commercial activity, which together produce nearly all greenhouse gas emissions attributable to human activity.

Five years later, in 1997, 160 industrialized and developing countries met in Kyoto, Japan, and negotiations among these countries led to 40 industrialized nations agreeing on a collective reduction of greenhouse gas emissions to 5.2 percent below 1990 levels by 2008-2012. As our part of this deal, Canada agreed to reduce national emissions to 6 percent below 1990 levels. Since 1990, Canada's greenhouse gas emissions have steadily increased to the point where Canadian emissions are expected (under a business as usual scenario) to be 27 percent above 1990 levels by 2010. If Canada were to ratify the agreement and it was to come into force, Canada would have to reduce its emissions by about 26 percent from the currently projected 2010 level. This would represent a reduction of approximately 200 megatonnes of greenhouse gases from the "business as usual" level of emissions.

As of July 2001, only one industrialized country, Romania, has ratified the Kyoto Protocol, and in March 2001 the United States gave notice that it will not ratify the Protocol. If Canada were to ratify the Kyoto Protocol, without our major trading partners also doing so, it would put Canadian businesses at a major competitive disadvantage.

One of the key elements of the Framework Convention was the requirement that each country prepare a national strategy to reduce greenhouse gas emissions. Canada must continue to seek a balanced mix of measures that best meet both Canada's environmental and economic objectives within the context of our dependence on international trade.

For a country with so much at stake in this issue, it is imperative that we have a coordinated national strategy that engages all Canadians to protect Canada's interests in future negotiations.

At the October 2000 joint meeting of federal, provincial and territorial energy and environment Ministers (JMM), all governments, except Ontario, approved the National Implementation Strategy on Climate Change and the First National Business Plan. The federal government has committed \$1.1 Billion over five years beginning with Budget 2000 to combat climate change with the expectation that Canada's emissions under the First National Business Plan, Action Plan 2000, will be reduced by 65 Megatonnes (30%) by 2008-2012.

Further measures to reduce net greenhouse gas emissions must emphasize voluntary initiatives, rather than command and control measures, and allow for maximum flexibility in allowing Canadians to find the most cost-effective ways to reduce their emissions. Many of the BOMA's members, including small and medium-sized ones, participate in voluntary programs such as the Voluntary Challenge and Registry (VCR) and the Canadian Industry Program for Energy Conservation (CIPEC). BOMA Calgary will continue to encourage our members to participate in such initiatives.

The solutions to potential changes in the global climate must be, by definition, global, just as the causes and impacts of climate change are recognized as global. Canada is a relatively small contributor to the total global emissions of greenhouse gases, so it is important that we do not act in any way that will disadvantage Canadians relative to other members of the global community, and particularly relative to our trading

partners and competitors.

Although progress was made in July 2001 at CoP6bis in Bonn, the negotiations on the details of the provisions of the Kyoto Protocol continue to be difficult. And since in the future the largest increases in greenhouse gas emissions are expected to come from the developing world, Canada should continue to work through the Conference of the Parties to the Framework Convention (CoPs) to encourage the development of an international agreement that includes commitments from both developed and developing countries.

One of the primary difficulties with the Kyoto Protocol is its short timeframe for achieving substantial reductions. Any international agreement on climate change must focus on longer-term approaches, which allow for the development and implementation of new technology as well as allowing for normal capital stock turnover.

As solutions must be global, programs such as Joint Implementation (JI) and the Clean Development Mechanism (CDM) are critical to the success of any new agreement to ensure that reductions in greenhouse gas emissions are made in the most cost-effective manner. JI and CDM are mechanisms to allow countries to work jointly on projects to reduce emissions where they can be most cost effective. The eligibility of each project for inclusion in CDM or JI should be determined by the host country based on the effectiveness of the project to reduce the net amount of greenhouse gases in the atmosphere.

As well, there must be full interchangeability between the various programs and with any international emissions trading scheme that might be implemented. In other words, emission reductions under one program will be counted as equivalent to similar reductions under another program for the purposes of trading.

BOMA Calgary considers it to be imperative that the federal government continue to work with all major stakeholders when developing, analyzing and implementing options to reduce greenhouse gas emissions. Such collaboration and assessment is, in BOMA's view, vital to ensure that cost-effective measures are identified by the federal government to deal with this, one of the most significant economic, trade, and environmental matters yet faced by Canadians.

Canada is a country rich in natural resources and in order to ensure the long-term competitiveness of the Canadian economy, the federal government must ensure that Canada has access to a full range of flexible mechanisms, including sinks, in order to determine how best to achieve long-term GHG reductions. The federal government must ensure that no options are eliminated that would specifically harm Canada's competitive advantage given its strong reliance on natural resources.

It is also important that work continues, both internationally and domestically, on expanding our scientific knowledge of climate change and how it occurs, as well as its economic and social ramifications. Research also must continue on determining the effects of measures taken to address climate change/greenhouse gas emissions on the competitiveness of Canadian business with respect to that of our major trading partners and competitors.

The federal government must also work with all stakeholders prior to any new international negotiation session and, in particular, prior to making any new commitments, to develop a credible position that protects Canada's interests including Canadian competitiveness with respect to our trading partners.

Recommendations

That the federal government:

1. Continue to encourage and support all citizens the business community in their ongoing efforts as part of Canada's program to achieve energy efficiency and greenhouse gas emissions prevention and reductions through a wide range of voluntary, non-regulatory, flexible approaches which have and will continue to hasten innovation and adaptation at the least cost to Canadians.

2. Continue to work with the provinces, territories, municipalities, first nations/aboriginal peoples and industrial sectors to ensure that measures will provide for continued strong economic growth while further reducing emissions of greenhouse gases.
3. Take a leadership role to encourage developing countries to be fully engaged in efforts to economically prevent or reduce greenhouse gas emissions.
4. Ensure that any international commitments to reduce greenhouse gases involve a long-term timeframe that allows for normal capital stock turnover and the development of new technologies and includes commitments from both developed and developing countries.
5. Continue to support efforts to expand the scientific knowledge of climate change and how it occurs, as well as the economic and social ramifications of climate change.
6. Permit unconstrained use and full interchangeability of appropriate voluntary market-based mechanisms to reduce greenhouse gas emissions.
7. Continue to study the projected effects of climate change mitigation measures on the competitiveness of Canadian business in comparison to our major trading partners and competitors.
8. Work with the United States and Mexico to develop a bi-lateral agreement and measures to combat climate changes and greenhouse gases, ensuring that Canada's competitiveness is maintained.
9. Prior to legislative approval, ensure that the ratification of the Kyoto Protocol does not adversely impact Canada's competitiveness.