

## -Ottawa's "green" budget a good first step -

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**By John Drexhage**

The first budget of this minority government sends out a strong signal that Canadians and industry will be rewarded by pursuing cleaner, more climate friendly modes of development. Importantly, the budget focuses on ways in which environmental and economic considerations can work hand in hand. This is no small accomplishment.

The introduction of market mechanisms, new tax measures, significant new incentives for wind and other renewables — these all point to a government that is heading in the right, sustainable direction. There is also a recognition that major infrastructure investments including carbon capture, clean coal, cellulose ethanol plants and hydro power will be a necessary ingredient if Canada is to effectively play its part in addressing climate change.

But, one might ask, to what end? It is curious that in the minister's entire speech, the word "Kyoto" is not mentioned once. Is it because of its divisive nature between Canada's regions? As a native Albertan, I appreciate the particular vulnerability of Alberta's economy. But the sooner Alberta makes the required reductions the less costly it will be over the long term.

And what of international emissions trading and the likelihood that the government will need to purchase international reduction credits in order to meet its Kyoto target? Often derided by the media and others as "hot air," this is actually an impor-

tant market mechanism that the government needs to more strongly support. Designed correctly, it will provide cost-effective reductions, support the growth of clean Canadian technologies globally and demonstrate to countries without reduction commitments, that economic growth can very much be abetted through clean and climate friendly technologies.

For example, Canada could make relatively cheaper investments in limiting methane leakage from pipelines in the Ukraine.

Canada would get the credits, and by using Canadian technologies, benefit economically. And the Ukraine would also come an environmental and economic winner.

More details, particularly on the reduction policies for large industries, such as utilities and the auto sector, are still needed before we have a comprehensive plan in place. We need to continue to press Minister Dion to make sure that he delivers on his promise to have a full plan in place within a month. We also need to know quite a bit more about how all these programs will operate, and most importantly, how we can ensure that they deliver the required reductions in time for Kyoto. Little time is

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at hand before 2008, when our Kyoto commitments begin.

At the end of the day, the real accomplishment of Kyoto is that by capping emissions it brought an international economic value to carbon and other greenhouse gas emissions. This budget recognizes that. But for Canada to truly be a global leader in the “carbon-constrained” future, we will need many more such budgets, and the government will also need the vision and courage to implement strong regulations and fiscal policies.

*John Drexhage is IISD's Director of Climate Change and Energy.*