

House of Commons Standing Committee on the Environment and Sustainable Development November 27th, 2007

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North America must lead the way to reduce
greenhouse gas emissions.

Mr. Chairman,

Allow me to thank you and the other members of this committee for the opportunity to speak on the topic of the upcoming international negotiations on climate change in Bali.

First of all, while I am aware that you heard from some eminent experts on the results of the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report last week, I would like to highlight some of the conclusions that are particularly relevant to the UN negotiations. It would be shortsighted to overlook the critical role that the IPCC played in the UN negotiations. The First Assessment Report set the stage for the United Nations Framework Convention on Climate Change, the Second Assessment provided critical momentum towards the development of the Kyoto Protocol and the Third was released just prior to the Protocol coming into force. So what specifically does the Fourth Assessment Report contribute? In my view, the most critical conclusions are the following:

- the evidence of global warming occurring is now deemed as “unequivocal”;
- the contribution of human activities to climate change is now deemed as 90 per cent certain;
- this colossal environmental phenomenon is already deemed to have irreversible impacts.

Consider these scenarios. Under a 1.5 to 2.5 degree change (to which we are all already effectively locked in), 20 per cent to 30 per cent of the globe's species are at risk. Under a 3.5 degree change that grows 40 per cent to 70 per cent of our species are at risk.

At risk of what you might ask? At risk of extinction. We're not just talking about the plight of a few cute animals here. This has grave implications for human well being—the vast majority of our crops depend on pollinators for germination; microbes play a critical role in ensuring safe drinking water, etc. Disrupt these ecological systems and you run the real risk of upsetting the basic food chains that we all rely on.

- Despite these grim conclusions, the Report also states that there are many affordable actions available to reverse current emission trends, but that the price we place on carbon emissions will play a critical role in determining their range and depth. It also found that these actions are effectively integrated with other development priorities, including health, energy security, and trade and investment policies.
- The magnitude of the challenge we face in reducing our emissions is underscored by a recently released study by the International Energy Agency in its World Energy Outlook of 2007. In particular, the expected rate of growth in developing country giants, particularly China and India, presents a challenge the scale of which we have never faced. China will have become the world's number one GHG emitter this year (we didn't think that would happen until 2020 as little as five years ago) and India will be the third largest by 2015. From now to 2030, China will install more electricity generating capacity than currently exists in the United States today. This is due to phenomenal economic growth taking place there, but it must be recognized that this is entirely justifiable—fully 400 million people in India still do not have direct access to electricity.
- Despite this growth, per capita emissions in those countries pale in comparison with North America. In that respect, Canada and the U.S. (along with Australia) are in a completely different league from the rest of the world—at least two times more emissions per capita than Europeans, four times that of China, and at least a full five to six times more than the average Indian.

- The Fourth Assessment Report also examined the effectiveness of the current international regime in addressing climate change. It rightly,

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- in my view, concludes that the Kyoto Protocol played a critical role in laying the basis for a global response to the real threat of climate change. When it comes to the Kyoto Protocol, everyone's attention—particularly at the political level and with the media—is on the issue of targets. Unfortunately, this tends to take away attention from where the Protocol's real contribution lies:
- It placed a value on carbon, and by doing so, initiated a rapidly growing financial portfolio supporting clean energy investments worldwide that is truly impressive—from US\$27.5 billion in 2004 to US\$49.6 billion in 2005 to US\$70.9 billion in 2006 to over US\$100 billion this year.
 - It established a set of rules and guidelines around climate change that frames the institutional accounting of greenhouse gas emissions—covering monitoring, reporting, verification, compliance regimes as well as developing rules for the carbon market that seek to meet the twin goals of environmental integrity and economic efficiency.
 - It also stimulated a vast array of national responses to climate change, in developing and developed countries, including in countries such as the United States and Australia, which did not choose to ratify the Protocol.

In other words, when finding faults with the Kyoto Protocol, be careful not to throw the baby out with the bathwater. It made and is making, a strong, valuable contribution to the global response on climate change.

The lessons of all of the above for Bali? It is clear that we simply cannot meet the environmental imperative of avoiding human interference with

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the globe’s climate system without engaging all major emitters. But the lead must lie with developed countries, who are most responsible for the current greenhouse gas concentrations in the atmosphere and who, by cause of their relatively stable and prosperous social and economic conditions, are most able to take on more aggressive actions. In my view, this is particularly the case for North America, which in terms of GHG emissions per capita, can accurately be described as a pariah when compared to the rest of the world. However, it also means that the terms set out in the Berlin Mandate, which established the framework for the Kyoto Protocol negotiations, are not set in stone, and in particular, we cannot have a provision in a Bali Mandate that re-affirms no additional commitments for developing countries. That said, this should not stop this government from agreeing to terms that require developed countries to take the lead in taking on binding, and more stringent, reduction commitments.

And in fact, Canada, like all other Kyoto Parties, has already accepted such conditions in a set of negotiations in which it is currently engaged. I am referring to the Ad Hoc Working Group On Further Commitments for Annex 1 Parties under the Kyoto Protocol. This negotiating process was launched at the Montreal Conference two years ago and has been going on since then, with, I stress, active Canadian government participation! In the context of the Bali mandate, what is important is keeping the door open to include all major emitters—and what I am proposing would provide the Canadian government with the space to precisely continue such discussions over the next two years.

Remember the real achievement of the Montreal Protocol was that it successfully achieved commitments on the part of all Parties, but under a graduated scheme—giving developing countries ample time to adjust to these new global environmental prerogatives. And those terms for developing countries were strengthened a few months ago at the 20th anniversary of the Montreal Protocol, when the phaseout of HCFCs was significantly accelerated for developing countries, with significant positive implications for global greenhouse gas reductions.

Why were Parties in the Montreal Protocol able to achieve such a constructive regime? Well, first of all, developed countries not only took the lead in taking on commitments to reduce Ozone Depleting Substances, they also met and exceeded those targets, demonstrating to developing countries that such commitments were achievable without compromising economic development. Secondly, and just as, if not more, important, is the success of the Montreal Protocol’s Multilateral Fund in establishing a transparent and effective financing mechanism in helping developing countries meet their commitments.

I would suggest we have much to learn from the Montreal Protocol experience. First of all, we must show in Canada and in all developed countries that we are putting serious regulatory frameworks and market signals in place to address greenhouse gas emissions and that we are able to do so in a way that complements our economic agendas for continued, sustainable growth. For this government, that means meeting the commitment to have a regulatory framework announced and in place by the end of this year. It also needs to more fully elaborate on how Canada can meet its 20 per cent absolute emissions reduction target by 2020, including a serious exploration of a carbon tax at the consumption end. Recent polls have shown that, if appropriately designed, a carbon tax would be supported by more than 80 per cent of Canadians. But to get to the point at Bali; without anything currently in place, Canada’s credibility and leverage in the negotiations can not be anything but compromised.

Secondly, it means that the government has to become more focused on how Canada can play its part in helping developing countries make the urgent and necessary transitions that they will need to make in

the face of climate change, both with respect to mitigation and adaptation activities. This critical issue has, unfortunately, been all too easily overlooked in the current national debate on climate change. The Canadian International Development Agency (CIDA) needs to be much more strategic and committed to integrating climate change considerations in its development portfolio. In that regard, I would draw your attention to the World Bank's recently released Clean Energy Strategy, out of their Infrastructure Group, that lays out a clear plan on accelerating its clean energy portfolio and adaptation activities in a way that more successfully leverages significant financing from other International Financial Institutions and the private and banking sectors. The government needs to examine these recent developments in the Bank and other major international institutes and seriously consider how it can help to leverage and influence investment and trade practices that support true sustainable development world wide. Also, in that respect, the initiative of the Indonesian government to hold complementary meetings of Finance and Trade Ministers at Bali to address financing, investment and trade issues should be strongly supported by all governments, including Canada. And those discussions need to continue in parallel with the negotiations taking place within the UNFCCC, if we can expect to reach a successful conclusion to this round of talks in Denmark two years hence.

It also means not expecting the UNFCCC to deliver everything—particularly when it comes to implementation mechanisms. Too often, other related international initiatives are immediately cast as “undermining” the UN process. They could of course, but they also have a serious potential to significantly contribute to a meaningful response to climate change. One of the real challenges with the UN framework is the fact that it is, by its very nature, state centric. We must explore more innovative and constructive ways to engage sub-national actors, whether at the regional, municipal, industry or NGO level, within and outside the UN system.

One final word—despite the complexities I have raised in this submission, it is important to keep in mind the relatively modest objective of the Bali Mandate. We are talking about setting in motion a negotiations process for post-2012 that will hopefully be concluded in 2009. It is important to demonstrate flexibility while also ensuring that a framework is in place that provides space for credibly ensuring a safe and flourishing environment for all, including of course, future generations.

Thank you Mr. Chairman