

Statement to the House of Commons Standing Committee on the Environment and Sustainable Development

John Drexhage, Director, Climate Change and Energy

June 19, 2007



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Published by the International Institute for Sustainable Development

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Mr. Chairman,

Allow me to thank you and the other members of this committee for the opportunity to speak with you regarding the G-8 and G-8 plus 5 meetings on climate change. I note that Committee members are particularly interested in how Canada's current climate change efforts and commitments fit into the evolving international global climate change regime and I will seek to focus my comments in that direction.

The first thing that strikes me about the Summit Declaration is the title: "Growth and Responsibility in the World Economy." A well chosen title, because it captures the central challenge that faces us over this century—on the one hand, there is no doubt that economic growth will continue to be a critical factor in helping alleviate the circumstances of the world's poor who still number at least two billion persons. On the other, we are coming to face to face with the fact that development has its limits and that, first through climate change, but only first, we are directly experiencing the global limits of unrequited growth. Unfortunately, the Declaration doesn't explicitly address that central tension—in fact, if anything it papers it over, implying that somehow the two goals of economic growth and environmental protection are naturally complementary. In fact, as we all know, they are not and to make them complementary calls for hard, innovative thinking of which we are only beginning to scratch the surface.

Mr. Chairman, successfully addressing climate change requires a serious re-thinking of how we approach policy development and implementation towards more integrated, adaptive models. In that respect, it was disappointing to see that the G-8 section on investment spent so little attention on the implications of investment on climate change. One of the critical instruments in setting a sustainable future is through global investment patterns—legend has it that when Chairman Mao was asked if the French Revolution was a success or failure he replied that it was too early to tell. I would suggest the same thing in regards to evaluating the Kyoto Protocol—and its success should not so much be judged according to how many countries actually met their specific targets, but more as to how effectively it served as a platform for launching a radical redirection of Foreign Direct Investment in clean energy. That, in my humble estimation, was the major achievement of Kyoto—setting an

international value on carbon. The challenge that faces us for the post-2012 period is setting a price high and broad enough to seriously influence investment decisions by the private sector.

On the other hand, Germany should be commended for integrating the issues of climate change, energy efficiency and energy security. I am afraid to say that Canada is far away from achieving such an integrated national response, and I would argue that it is probably more incumbent than almost any other major G-8 country, given that we continue to rely so extensively on fossil fuels exports for so much of our economic prosperity and we continue to plan to do so over the first half of this century. And yet Canadians also want their governments to be a global leader in addressing climate change, and politicians of all stripes and jurisdictions insist on Canada becoming a global “clean energy” leader. I’m not saying that there aren’t solutions out there—there are, but they need careful development and management on a national scale. In that respect, I would strongly urge the Prime Minister to convene a federal-provincial and territorial meeting of Energy Ministers to launch begin a national dialogue on Canada’s sustainable energy future that will actively engage industry and civil society. We must not allow the policies, misguided or otherwise, of a government of 35 years ago determine a lack of direction on so critical an issue today.

I certainly commend the Summit Declaration’s focus on energy efficiency. There is no one resource—and I mean that literally: energy efficiency should be regarded every bit as much a resource as coal, oil, gas, hydro or wind—that is more easily overlooked than the one right at our finger tips. But squandered, particularly, in North America, it is. North America can only describe itself an energy and carbon intensity pariah. We are two to three time less energy efficient than our European neighbours; six times less efficient than our Chinese counterparts; and the average Canadian is fully 10 times more energy and/or carbon energy intensive than the average Indian.

I know that we often hear about Canada’s unique circumstances, citing our cold temperatures and large distances between cities. Well, Sweden, Norway and Finland have seasons similar to ours but are at least twice as energy efficient—and on the issue of distances, I have said for quite some time that the problem is not the distance between our

cities, but the distance within. North America's urban planning policies for post-World War Two have been nothing short of disastrous when looked at through the spectacles of energy efficiency and climate change. Keep in mind these linkages—close to 100 per cent of the oil sands exports are intended for American road vehicles which are, for the most part, used to commute Americans to shopping malls, their work places, etc., all at ridiculously far distances away from each other. What will get everyone's attention? Prices, of course. Carbon must have a value, and that value must rise relatively precipitously if we are to have any hope of severely limiting the globe's GHG emissions over the next few decades. Unfortunately, the communiqué falls far short of bringing home that message, content to provide a list of measures in the buildings, transportation industry and power sectors, none of which, without a commensurate price signal, would do much to actually change our GHG emissions growth curve in Canada or globally.

And the same inconsistency can be found in the discussion on energy security—the Declaration misleads us into believing that the three priorities of affordable energy, clean energy and secure energy can all be provided—that, in other words, we can have our proverbial cake and eat it too. Leaders must have the courage and foresight to own up to the fact that the solutions are simply not so easy. On the issue of energy security and climate change for example, I was a lead author in the Intergovernmental Panel on Climate Change, specifically looking at this issue and it is clear that the literature shows that while there may be some complementarity between the two issues, this is far from assured. For example, energy security issues in the U.S. are working to increase reliance on non-conventional fossil fuel sources, including our oil sands and gasified coal.

Mr. Chairman, I have waited until the end to address the issue that is probably on the foremost of everyone's mind—namely the issue of long-term targets and Canada's place in that discussion. The question that needs answering on emission targets is twofold: what will it achieve environmentally and what will be the impact on the economy of such measures? First of all, the long-term global target supported by Canada is 50 per cent reductions by 2050, seemingly consistent with both the EU and Japan. However, is it? Remember that the Declaration also reconfirms very explicitly the principle of common, but differentiated responsibilities and capabilities, among all countries. This principle, in reality, then implies

that to reach a 50 per cent global reduction, developed countries, including Canada, would need to reduce their emissions at a much higher level than 50 per cent. Many estimate a level as high as 80–90 per cent for OECD nations.

Is such a target achievable, let alone feasible, for Canada? In my estimation, yes, but it will require at least two strong domestic policy initiatives. First of all, there must be a nationwide commitment to clean energy initiatives, including energy efficiency, carbon capture and storage, and a clean east-west energy grid. Secondly, at that rate of reductions, it is simply unrealistic to expect Canada to reach such reduction targets through domestic measures alone. The Canadian private sector must become an active player in the global carbon market and the Government of Canada needs to provide much clearer signals and incentives to Canadian industry to do so. In that respect, I was very pleasantly surprised at the prominence of carbon markets in the Declaration. Ironically enough, it was Canada and the United States, along with Australia and New Zealand, who were the original champions of emissions trading—hopefully we will soon see them come fully aboard again. Remember the message of the Stern Report—that a global carbon market is absolutely crucial in ensuring that the transition to a clean energy future is as cost effective as possible. And the lower the cost, the lower should be concerns about competitiveness on the part of industry.

During my travels over the last few years through Europe, Asia and Africa I hear a common message in regards to climate change and Canada. On the negative side, there is a frank observation that there is a huge credibility gap—we talk the talk, but have a very difficult time walking the talk. However, on the opportunities side, there is also a keen awareness that Canada is not too dissimilar from the rapidly growing major economies in developing countries—and that it is precisely countries like Canada that must be amongst the first to show that one can break GHG emissions from economic growth even for a country to be as reliant on natural resources as Canada is. If Canada, with its relatively mature economic and social support networks in place, can't pull it off, how in heaven's name could we expect China or India to deliver?

Mr. Chairman, some final comments on the overall tone of the post-Kyoto negotiations. While I am heartened by the Joint Statement, and in particular the recognition of the

seriousness and urgency of the issue and quite relieved to see a major recommitment to the UN process, including by the U.S. in its offer to host a meeting of major emitters later this fall, it is clear we are a long ways off from any sort of rapprochement. Major developing countries are still resistant to any reduction commitments post-2012 and small wonder, if you look at this from the perspective of China, India, Brazil and South Africa. The UNFCCC reported that only six industrialized countries are actually on track in meeting their Kyoto reduction commitments and so we could hardly say at this point that developed countries are showing leadership in reducing emissions.

While we in the developed world can certainly do much more, we also need to keep in mind that we live in a very different world from the Framework Convention of 1992 or even the Kyoto Protocol of 1997. While poverty is still all too prevalent in these major developing countries, there is no doubt that they are quickly becoming major global economic powerhouses—and that at the level of industry and other commercial enterprises, they are very much our competitive peers and are developing quickly, perhaps too quickly for their own environmental and social good. The question is how much leadership can we in the developed world show in reducing our emissions without compromising our competitive positions to these growing economies?

One of the potential areas for progress is avoided deforestation and sustainable agriculture. As Sir Nicholas Stern pointed out, over 20 per cent of the globe's annual emissions are due to unsustainable land practices and much of that occurs in developing countries. Canada can play an important role here in ensuring that this area is not overlooked in the post-2012 discussions. We have much expertise in our forestry and agriculture departments to offer here.

Mr. Chairman, while we embark on the critical negotiations for post 2012 GHG reduction targets we must be very careful not to overload expectations. A prodigious amount of mistrust has developed over the last 15 years—we must all pay more attention to building confidence around addressing climate change. My organization, the International Institute for Sustainable Development, is involved in a host of activities beyond setting targets that is working to build assurance in a global climate change regime—from adaptation activities in

Eastern Africa to helping farmers in Manitoba to take advantage of sustainable agriculture practices to developing pragmatic and development friendly emission reduction projects in Chile, we at IISD are committed to taking real actions that will prepare us all for a carbon-constrained, climate-challenged future.

In closing, allow me to provide a final thought on the dynamics of this particular G-8 Summit. One of the more striking things was the fact that those leaders amongst the most active in supporting strong actions and targets to address climate change—leaders such as Angela Merkel of Germany and Nicolas Sarkozy of France—hail from Conservative Parties. In the U.K., the Conservative Opposition leader is, if anything, more proactive on climate change than his Labour counterparts. In the United States, it is Republican governors, not only in California, but also in New York, and Republican leaders in the U.S. Senate, such as Senator McCain of Arizona, who are leading the charge in addressing climate change. There is an important lesson here for the Canadian political process—climate change is rapidly evolving into an issue beyond partisan politics in most OECD countries and it is high time we took to heart some lessons from that “policy maturation” experience.

With all due respect, climate change is simply too critical and complex an issue to hold hostage to political posturing. Ultimately, successfully addressing this grave and present threat means an evolution in understanding what “national interests” truly signify—acting responsibly for the sake of the environment and our children. I believe Canadians are ready and impatient to face the challenge; it is time for its politicians to demonstrate the same resolve.