Trudeau's Climate Policy A Chance to Go Beyond Business as Usual

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In the October 19, 2015 elections, Justin Trudeau's Liberal Party won the majority of seats in Parliament (184), defeating then-Prime Minister Stephen Harper's Conservative Party (99 seats) and the two other parties that traditionally are legislative counterweights, the New Democratic Party (with 44 seats) and the Bloc Québécois (10).[1]

The incoming government's priorities are expected to change radically, with the agenda looking more like that of its Liberal predecessors on historically traditional issues like climate change. From the early 1990s, then-Prime Minister Jean Chrétien, together with his minister of foreign relations and trade, Lloyd Axworthy, backed the issue in the United Nations, which managed to establish a climate regime, inaugurating its first Conference of the Parties (COP) in 1994. That regime's main achievement was the Kyoto Protocol (KP), which came out of the COP 3 in Japan and included clear commitments to reducing or limiting greenhouse gas (GHG) emissions. Since then, the Liberal Party has backed this regime as one of its platform planks. Jean Chrétien's successor, Paul Martin, continued in that tradition. In 2006, Stéphane Dion made it the center of his electoral campaign, but he lost to Stephen Harper.

Under Harper, climate change was pushed into the background, mainly due to pressure from Alberta province to not fulfill Canada's commitment under the Kyoto Protocol. The country had committed to reduce its GHG by 6 percent *vis-à-vis* its 1990 levels. However, when the U.S. Congress reneged on its 7-percent commitment in 2001 by not ratifying the protocol and therefore exempting itself from fulfilling its goal, Canada began to question the possibility of its own compliance. Since the United States is its main trade partner, Canada ran the risk of not being competitive in U.S. markets that based their growth on burning fossil fuels regardless of climate change.

Despite this, Canadian Liberal governments continued trying to fulfill their commitments. However, in 2011, Harper also withdrew Canada from the Kyoto Protocol. Different arguments were used to justify this decision and put the issue on the back burner nationally. The first was that to overcome the 2008-2009 economic crisis, it was necessary to produce regardless of any other consideration. In other words, strategic Canadian sectors like Alberta's oil industry had to be fostered. The second argument Canada presented internationally was that it only emits 1.5 percent of the global absolute GHG, a percentage similar to countries that had not committed to reducing emissions, like Mexico or the BRICS.

The response of Canadian and international civil society was not long in coming. Organizations like the David Suzuki Foundation, the Pembina Institute, the Climate Action Network, or Greenpeace Canada opened up the discussion about sustainable growth, green investment, the development of renewable, clean energy, and the decarbonization of the economy through market or regulatory instruments by sector (incentives or taxes), with the energy sector as the prime target, followed

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by transportation. Some provinces supported these initiatives and began including them on their public policy agendas.

Despite Canada's no longer being a signatory of the Kyoto Protocol, the Harper government continued to participate in the conferences held by the UN Framework Convention on Climate Change. But what was the aim of that participation? What has the country committed to given that it could not fulfill its prior goals? Will Justin Trudeau be able to get Canadian climate policy back on track and clean up its international image?

Canada's Climate Change Goals

One of the Warsaw 2013 COP19 agreements was to draw up a new, binding document in 2015 to take the place of the Kyoto Protocol. To do that, each member country would have to clearly set its aims in what has been called the Intended Nationally Determined Contribution (INDC). The Canadian government's INCD sets a reduction goal for 2030 of 30 percent of the *absolute* amounts of GHG emissions *vis-à-vis* 2005 levels. If we compare this to its original commitments in the Kyoto Protocol (-6 percent *vis-à-vis* 1990 levels), the goal Harper proposed surpasses them in the long term and is consistent with what Canada proposed at the Copenhagen 2009 COP15 conference.

Graph 1 shows a peak in 2007 and a drastic reduction in 2008 and 2009. This can be explained by two factors: on the one hand the economic-financial crisis in the United States in those years, which had a direct repercussion on Canada; on the other hand, the shut-down of coal plants in Ontario, which contributed heavily to the reduction of GHG emissions by the electricity sector. After the economic/financial crisis, production began to recover, and with it came an increase in GHG emissions. Although at Copenhagen in 2009 Canada committed to reducing its GHG emissions by 17 percent *vis-à-vis* 2005 levels, it was not able to reach that target. From the economic recovery until now, emissions have continually increased, going from 699MT CO_2eq in 2009 to 726MT CO_2eq in 2013. In the face of this, the Harper government decided to leave the Kyoto Protocol.[2]

This is also reflected in per capita emissions. Canada has one of the world's highest per capita GHG emission rates, putting it fourth place among OECD countries from 1990 to 2014 and among the top 15 in the world.[3] I should underline that the historic increase dates from the Liberal period in the

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1990s when per capita GHG emissions were at 22 TCO_2eq, rising to their highest point in 2000, when they reached 24 TCO_2eq. With the economic/financial crisis, levels dropped to 20 TCO_2eq in 2009 and remained constant until 2013. What helped maintain these numbers were efforts by the provinces and federal regulations to reduce GHG emissions from passenger vehicles and light trucks by 50 percent by 2015.[4] This regulation was taken very seriously in Ontario and British Columbia, which significantly decreased this kind of emissions; this was not the case in Alberta, where they actually rose.[5]

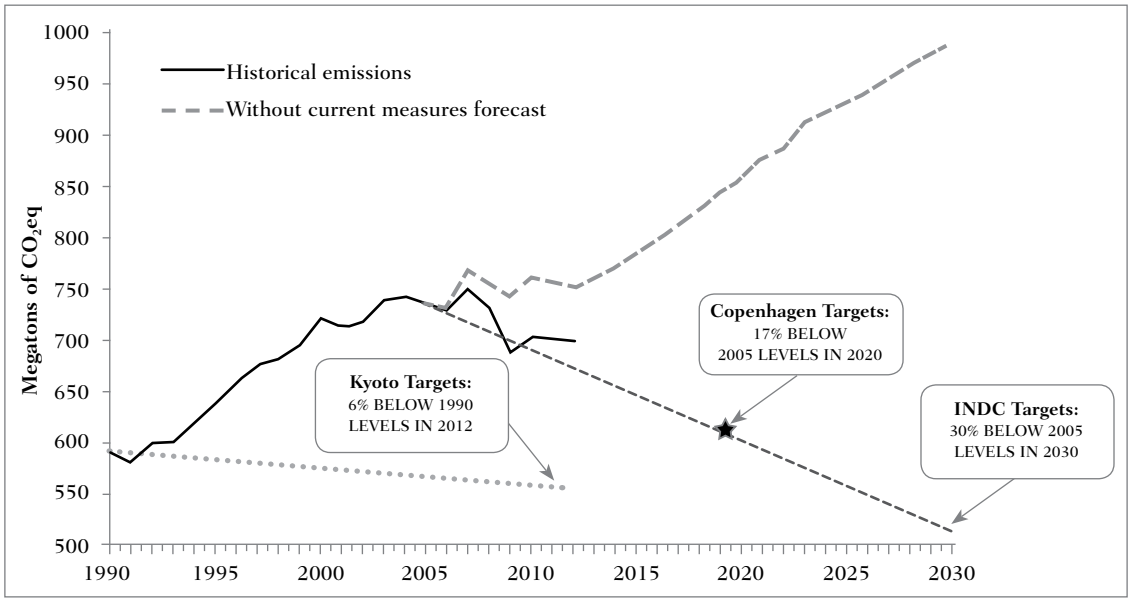
In contrast, with regard to *intensity* (GHG emissions/GDP), Canada has done a good job. Between 1990 and 1995, GHG emissions were keeping up with GDP. From 1995 until now, there has been a more than 30-percent drop in intensity, despite the fact that 80 percent of emissions come from activities related to the energy sector.[6] This can be explained by the technological change incentivized by federal and mainly regional programs to encourage investment in efficient energy, clean technologies, smart grids, and renewables.

Justin Trudeau and the INDC Goals

During his first week as prime minister, Trudeau came under pressure from organized society. The environmental movement Climate Welcome (members: 350.org, Council of Canadians, Canadian Youth Climate Coalition, environmentalist associations, and indigenous communities) organized a four-day vigil outside his residence in Ottawa to demand decisive action on climate change and the transition to a clean-energy-based economy. Concretely, they demanded an end to the development of Alberta's oil industry and various oil pipelines underway (Keystone XL and Northern Gateway).

The Harper government —and now Trudeau's— have not had much to say about the Keystone XL pipeline, since the U.S. government makes the final decision. Last November, President Obama decided to reject its construction arguing that it caused environmental damage and the benefits would be minimal. It should be pointed out that Trudeau

GRAPH 1
CANADA'S HISTORICAL GHG EMISSIONS ($MTCO_2EQ$) VS. REDUCTION TARGETS



Source: Adapted from United Nations Framework Convention on Climate Change, *Canada's INDC Submission to the UNFCCC*, http://www4.unfccc.int/submissions/INDC/Published%20Documents/Canada/1/INDC%20-%20Canada%20-%20English.pdf, accessed November 4, 2015.

supported the project a few years ago, although he made a small shift in his recent campaign to include environmental restrictions and investment in clean energy projects as conditions for its construction and operation.[7]

To ease this situation and send out a good pro-environmental signal, the new prime minister's strategy has been twofold. First, he appointed Member of Parliament Catherine McKenna to lead the recently renamed and reorganized Environment and Climate Change Ministry. Trudeau also has the support of diverse environmentalist groups and leaders like the Sierra Club, Green Party Elizabeth May, and Stéphane Dion himself. The second action Trudeau has taken is to establish a national plan to put a price on carbon and foster the development of clean technology. For him, COP21 in Paris was the ideal forum to present his environmental plan and clear his country's name internationally. The Liberal government's pan-Canadian plan will set national GHG-emission reduction targets and allow provinces and territories to design their own climate-change mechanisms and set carbon prices to reach their targets.

Along these same lines, during his first days in office, Trudeau promised to provide federal subsidies to help in reaching national targets.[8] However, he is faced with a federalist set-

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up that makes the provinces the owners of natural resources, as well as the power to manage them and handle environmental and energy policies. Canadian provinces have a great diversity of productive activities and energy mixes that create unequal GHG emissions, as shown in Graph 2.

To establish a national target under these conditions, two routes could be followed. The first would be to set very low national targets so the "dirty" provinces like Alberta and Ontario could reach them. In this scenario, other provinces would have little incentive to change their climate plans even if they surpass certain international targets. Others would have to adapt their regulatory and market frameworks to national guidelines. In other words, a low target would tend to look like business as usual for many provinces.

The second route would be to opt for an approach like the European Union's: each country contributes according to its possibilities and others compensate for that. However, to crystallize this option, institutional innovation is required

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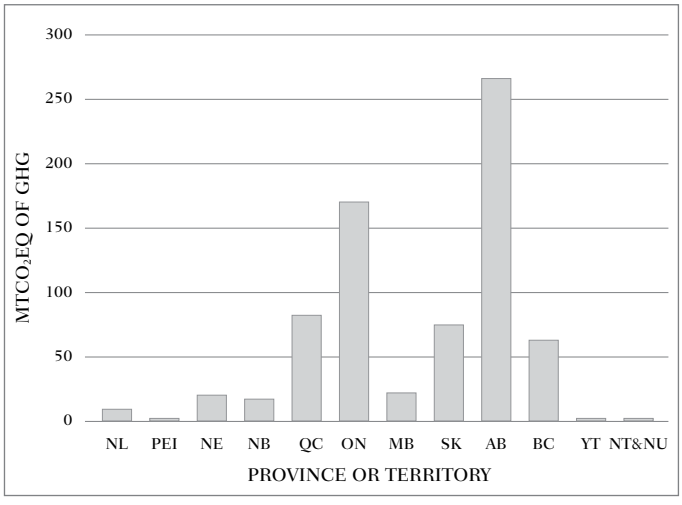
to create the regional and national platforms to establish the compensation, whether through the market or regulations.

Another challenge Justin Trudeau faces will be to integrate already existing regional policies into his plan. For their part, Québec, British Columbia, and, surprisingly, Alberta already have carbon pricing schemes, although they are very different from one another. British Columbia has levied a tax on carbon through fiscal neutrality; that is, the government keeps none of the revenues that come in under this budget item; it is all invested in mitigation, adaptation, and local clean technology. This tax has been efficient because the price is very high and covers all industries (US$30 per $MTCO_2eq$). Alberta, the country's most polluting province, also has a carbon price scheme that includes mandatory fines for not reaching the targets. However, the price had been quite low considering the levels of GHG emissions (Can$15 per $MTCO_2eq$). A scheme of this kind does not create the incentives needed for change, and it has not worked as expected. However, starting in 2017, the price will be set at Can$20 per $MTCO_2eq$, and by 2018, at Can$30 per $MTCO_2eq$. For its part, Québec has one of the world's most efficient carbon markets together with California, which had its first joint auction in 2015. Ontario recently joined this market; it had already taken a big step in 2005 by closing all its coal-burning electricity plants. This sparked an important drop in the province's emissions, as well as the entire country's absolute levels.

GRAPH 2
GHG EMISSIONS FOR CANADIAN PROVINCES AND TERRITORIES (2013)



Source: Environment Canada, "Greenhouse Gas Emissions by Province and Territory," Ottawa, https://www.ec.gc.ca/indicateurs-indicators/default.asp?lang=en&n=18F3BB9C-1, accessed October 20, 2015.

It will therefore be necessary not to forget that some Canadian provinces have been leaders on this issue for several years. For that reason, the McKenna/Trudeau strategy must include the different provincial strategies and goals, particularly those of Alberta, which will require ways to finance technological innovation in energy production from tar sands. For provinces like Québec and British Columbia, whose energy mixes are almost completely based on hydroelectricity, setting GHG emission reduction goals is simple. However, the plan must also include other like Saskatchewan, which oppose carbon pricing. The rest of the provinces with low GHG emissions, especially those on the Atlantic, will have to design climate change adaptation plans, provinces, to prevent flooding; the Prairie provinces, to prevent drought; and the North, to guarantee and make energy consumption more efficient during the long winters.

The strategy will have to take into account the different energy realities of the provinces to avoid one of the main problems of global climate change governance: assuming that states all have the same circumstances regarding energy mixes, industries, energy production and consumption, institutions, capabilities, political culture, or environmental preferences. Differentiating reduction targets based on these criteria will make it possible for a country as huge geographically and as diverse as Canada to reach its regional goals with innovative institutional mechanisms. In this context, Justin Trudeau has the opportunity of getting his country's federal climate policy back on track and clearing its name on the global stage. VM

NOTES

[1] Elections Canada, "October 19, 2015 Election Results," http://enr.elections.ca/National.aspx?lang=e, accessed November 3, 2015.

[2] Environment Canada, *National Inventory Report 1990-2013: Greenhouse Gas Sources and Sinks in Canada - Executive Summary*, Ottawa, https://www.ec.gc.ca/ges-ghg/default.asp?lang=En&n=5B59470C-1&offset=5&toc=show, accessed November 4, 2015.

[3] The Shift Project Data Portal, *Countries with Highest CO_2 Emission per Capita*, http://www.tsp-data-portal.org/TOP-20-CO2-emitters-per-capita#tspQvChart, accessed November 23, 2015.

[4] Government of Canada, *Canada's Action on Climate Change*, Ottawa, 2015, http://www.climatechange.gc.ca/default.asp?lang=En&n= 72F16A84-1, accessed November 9, 2015.

[5] Pembina Institute, *Big Shiny Trends: Canada's New Emissions Numbers*, 2014, http://www.pembina.org/blog/789, accessed November 9, 2015.

[6] Environment Canada, *National Inventory Report 1990-2013: Greenhouse Gas Sources and Sinks in Canada - Executive Summary*, Ottawa, 2015, https://www.ec.gc.ca/ges-ghg/default.asp?lang=En&n=5B59470C-1&offset=5&toc=show, accessed November 4, 2015.

[7] Climate Welcome, *Sit In For Real Climate Action*, 2015, http://climatewelcome.ca/day-1/, accessed November 24, 2015.

[8] Liberal Party, *Our Commitment: Get Moving Quickly on Climate Change*, 2015, https://www.liberal.ca/petitions/support-justin-trudeaus-bold-plan-to-fight-climate-change/, accessed November 4, 2015.