

USA

Canadian Perspectives on Climate Change*

We appreciate the prompt response and openness of spirit which has characterized the negotiations we have had with you and your staff since last July in preparing for this event.

We fully share the shock and grief of the terrorist attacks of September 11 and share the sentiments expressed since by all.

We support as a nation and as a community, the efforts being carried out in getting to the root problems of terrorism and in eradicating its causes.

We welcome the participation of our European colleagues here today and in particular the presence of Wolfgang Behrendt, Anneli Hulthen, Alexander de Roo and our British colleagues.

We would also like to thank the staff of your Senate Committee for the work they have done in preparing this event.

Coming now to the climate change issue and looking at it from a Canadian perspective, we have a number of points to make which can be summarized as follows:

1. Canada's Prime Minister is on record as saying he intends to ratify the Kyoto Agreement this coming summer, notwithstanding the efforts last week of the US Ambassador last week who publicly called on the Canadian Government not to ratify.
2. Canada has a long distance to go in reaching its allocated target of -6% because of the considerable increase in Greenhouse Gas (GHG) emissions since 1990 in the order of 20%.
3. Canada's taxation system requires considerable changes to remove the obstacles which stand in the way to (1) expand and accelerate the growth of renewable energy industry and (2) remove what we call perverse subsidies which favour the production of GHG emissions.
4. Canada has not yet incorporated in its energy policy the reduction of GHG emissions.

5. Canada intends to be fully engaged in emissions trading as soon as a cap becomes operative.

6. Currently in certain parts of Canada, we are already experiencing serious anomalies in weather patterns. Thermometer readings are for several months now some 6°C above normal average levels.

7. We are beginning to hear grievances and profound concerns from industry, namely shipping, the insurance and the tourism industries.

Looking now from the other side of the border, as Canadians and as members of the global community, we believe we would be much better off if the US administration would decide to be inside the Kyoto 'tent' rather than outside.

We fully understand the current difficulties in Washington and the priorities that have emerged since last September which have required the attention of your budget makers. That has also been the case in Canada.

At the same time, we know from past experience with acid rain that American participation in the Kyoto Agreement would make a tremendous difference in reaching the desired goals.

We know that the timing of the US Administration's actions are not always synchronized with the actions and timelines of other countries and of the international community, particularly when it comes to environmental matters, as proven by the experience with acid rain. But we are confident that sooner or later, positive steps will emerge from your legislative institutions and your administration.

There is one point in particular that needs to be stressed today and it is the following. Inaction could be more costly to the US economy than addressing the domestic and international dimensions of the climate change challenge. There exist, even now, strong arguments to reconsider Kyoto membership. Emissions trading would be considerably more expensive for US companies because they would not have access to a large pool of tonnage at the lower cost made possible by the common market and liberalized trading which will exist amongst the Kyoto signatory na-

tions. For instance, Mexico would offer Kyoto participants low price trading opportunities of emissions, as pointed out in a recent study produced by the Commission of Environmental Co-operation, the NAFTA commission located in Montreal.

In addition to that, there would be the odd situation affecting large US multinationals with subsidiaries in countries like Canada, Japan or the European Union, which would have to abide by GHG emission abatements abroad while their plants *in the USA* would not have access to low-cost pools of GHG quotas.

Finally, there is the well-known fact that energy efficiency, energy innovation and energy conservation lead to lower pollution levels, lower costs of production, higher levels of competitiveness and other advantages. Last month when opening a CEC conference on electrical energy in the US southwest, David Anderson, Canada's Minister of the Environment, said that the USA could save the importation and burning of 2.5 million barrels of oil PER DAY if it raised its average gasoline burning standard to 40 miles/gallon. This would not only reduce oil dependence and costs to consumers, but reduce CO₂ emissions by a substantial amount as well.

With climate change and energy policies, it is fair to say the global community looks to the U.S. once again for leadership.

There are three pillars on which the climate change issue rests:

Climate change is an issue which binds us together, globally, north and south, east and west.

Climate change offers a unique opportunity in practicing multilateralism.

And thirdly, climate change requires the engagement of developing countries – notably amongst them India, Indonesia, the Philippines and China – and offers Western countries tremendous opportunities for the development and application of new technologies and innovations.

Finally, there is a need for closer bilateral (USA and Canada) co-operation on climate change, for example in research and development, mitigation technologies and a more formal exchange of policy development.

* Statement by the Hon. Charles Caccia, Chair – Canadian House of Commons Standing Committee on the Environment and Sustainable Development, Washington, D.C., 29 January 2002. See also page 182.