Understanding Canada’s Climate Policy

What is the Kyoto Protocol?
In 1997 world governments took the first major political step in tackling climate change. A landmark agreement was reached in Kyoto, Japan—the “Kyoto Protocol”—committing participating countries to reduce greenhouse gas (GHG) emissions to five per cent below 1990 emissions levels. Canada’s objective was to shrink GHGs to six per cent below 1990 levels by 2012. In 2002 the Chretien Liberal government ratified the Kyoto Protocol. In the years that followed the Government of Canada failed to take active measures to arrest the growth of emissions and, as a result, emissions continued to rise. It wasn’t until 2011 that the Harper Conservatives formally withdrew Canada from the Kyoto Protocol.

What happened in the aftermath of Kyoto?
In 2009 the Harper government signed the Copenhagen Accord at the COP 15 (“Conference of the Parties”), a non-binding agreement that committed Canada to reduce emissions by 17 per cent below 2005 levels by 2020. In 2015 Canada indicated that it would aim to reduce emissions by 30 per cent below 2005 levels by 2030.

What is the Paris Agreement?
Canada was one of 195 countries that signed the Paris Agreement at the COP 21 in 2015. The Agreement is a far-reaching plan meant to pull more of the leading polluters into the cause of decarbonisation and climate stability. Several commitments were established in the Paris Agreement, including the pledge to measure and publish national inventories of human-induced emissions by source, in addition to data on the storage of emissions in carbon sinks. While there is no international enforcement mechanism to the Agreement, each country has pledged to plan, monitor and report on its decarbonisation efforts. In May of 2017 U.S. President Donald Trump announced his intention to withdraw the United States from the Agreement.

Federal carbon pricing policy
Ottawa will impose a carbon tax on those provinces and territories that do not impose a tax. The tax will rise in annual increments of $10 per tonne, beginning at $10 per tonne in 2018 and climbing to $50 per tonne by 2022.

Provincial carbon pricing policy
In 2008 British Columbia introduced a carbon tax, making it one of the first jurisdictions in North America to put a price on carbon. The tax rose from $10 per tonne in 2008 to $30 per tonne in 2012. Alberta’s carbon tax began at $20 per tonne in 2017 and will rise to $30 per tonne by 2018. This complements a hard legislated cap on oil sands emissions of 100 mega tonnes (emissions are currently 70 Mt) in that province. Quebec was the first Canadian jurisdiction to enter the Western Climate Initiative’s cap-and-trade program in 2013. As of 2017, carbon was trading at $13.50 per tonne. Ontario’s cap-and-trade program began in 2017.
**Are there any drawbacks to carbon pricing?**

One major threat is the threat of “industrial leakage”. Companies operating in emissions-intensive, trade-exposed industries will see an increase in their cost structure, which may prompt relocation to jurisdictions that do not price carbon, or which impose a lower price. This would signal policy failure insofar as carbon emissions would remain unchanged while unemployment in the carbon-pricing jurisdiction would rise. Other negative effects include the regressive impact on low-income households, which will need to spend relatively more income on energy, which may exacerbate poverty and economic inequality.

**What is “Just Transition”?**

Just Transition is a principle recognized by the International Labour Organization and explicitly referenced in the Paris Agreement. If an industry is going to be legislated out of existence in order to meet an environmental goal, the burden of adjustment should not be borne by workers. Industrial restructuring can create large scale unemployment and lead to poverty and social dislocation. Just Transition is meant to avoid these adverse consequences through a variety of measures, including labour market impact assessments, retraining, skills upgrading, income support, relocation assistance, pension bridging and employment insurance flexibility, among other measures.

*Sources: Government of Canada; various provincial governments; International Labor Organization; Unifor Research Department.*