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review

News from the National Round Table on the Environment and the Economy

Energy and climate change: The NRTEE's CoP11 Advisory Report to the Prime Minister



Left to right: the Right Honourable Paul Martin, Prime Minister of Canada; Glen Murray, Chair, NRTEE; Dee Marcoux, Vice-Chair, NRTEE; and Eugene Nyberg, Acting President and CEO, NRTEE. The Prime Minister met with the members of the National Round Table on November 22 to discuss the climate change advice and recommendations the NRTEE was asked to provide prior to the United Nations Climate Change Conference (CoP11).

- **Setting the course:
A long-term energy and climate change strategy for Canada**
- **Boreal Futures**
- **What's the boreal forest, and why is it important?**

“We believe that climate change impacts are already posing a serious threat to Canada’s national interest,” said chair Glen Murray, explaining the approach the National Round Table on the Environment and the Economy (NRTEE) has taken in its new climate change advisory report to the Prime Minister.

“But many Canadians appear to have become complacent about climate change, and see it as a strictly environmental issue posing no immediate threat to their lives or livelihoods. For this reason, a critical task of the Prime Minister and other leaders in Canada is to recast the challenge of climate change so that it

Continued on page 4 ►

**Considering vehicle feebates:
NRTEE calls instead for a sustainable transportation strategy for Canada**

The NRTEE has recommended to the Minister of Finance that, rather than bringing in vehicle feebates, the federal government develop an integrated and comprehensive sustainable transportation strategy aimed at reducing greenhouse gas (GHG) emissions in the transportation sector. A vehicle feebate program might still be given consideration in the future, but only within this comprehensive strategy.

“Feebates alone could cost consumers more and hurt our auto industry without really benefiting the environment,” said Glen Murray, NRTEE chair.



National Round Table
on the Environment
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Table ronde nationale
sur l’environnement
et l’économie

Canada

**NRTEE
Publications
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Setting the course: A long-term energy and climate change strategy for Canada

Vehicle feebates, continued...

"Feebates are not the most promising tool for achieving significant GHG reductions in Canada's transportation sector. Nor are they consistent with the approach the NRTEE is taking in our longer term advice to the Prime Minister on climate change."

The NRTEE has also recommended that a detailed plan for the implementation of the existing memorandum of understanding (MOU) between vehicle manufacturers and the federal government be released to the public no later than November 1, 2006. The NRTEE believes that the MOU (which commits the Canadian automotive industry to achieving a significant reduction of emissions from cars and light trucks by 2010) is worth pursuing. The release of such a plan will serve to engage Canadians and build confidence in the MOU.

In Budget 2005, delivered last February, the federal government asked the Round Table to investigate feebates. (The introduction of a fee on low-mileage vehicles such as SUVs and a rebate on fuel-efficient vehicles, the combination of which is called a feebate, is intended to shift sales towards vehicles that consume less.)

The Round Table developed feebate options in May and June, and evaluated these options based on revenue neutrality, application to all classes of passenger vehicles and flexibility of the program to adapt to changes in vehicle models and technology.

At a meeting on August 31, a working paper was presented to stakeholders from government, industry, labour and environmental organizations.

The majority of stakeholders consulted on feebates felt that in isolation from other instruments, incentives and regulations, feebates are unlikely to deliver significant GHG reductions or shift consumers to more fuel-efficient vehicles. The NRTEE agreed. Consistent with recommendations from its Ecological Fiscal Reform program, the NRTEE believes a suite of instruments is more effective in reducing significant GHG emissions.

Chair Glen Murray addressed the House of Commons Standing Committee on Finance on the subject of feebates on November 3, 2005. ■

In the second phase of energy and climate change strategy advice requested by the Prime Minister, the NRTEE will respond directly to the broader question of how best to advance Canada's national interest in a post-Kyoto carbon-constrained world.

This work will aim to provide general direction on how Canada can achieve deep and long-term reductions in GHG emissions while positioning Canada for maximum economic benefit. For illustrative purposes, this work will examine how Canada can achieve a 60% reduction of Canadian greenhouse gas emissions by 2050. Preliminary strategic advice will be provided in a report that will

be completed in April 2006.

As well, the Round Table is currently examining ways of integrating climate change into Canada's international policy, promoting trade in climate-related technologies, and promoting linkages between domestic and international carbon markets.

Members of the NRTEE will act as the decision-making body that will develop and approve all recommendations, but they'll be assisted by a technical advisory group made up of experts from government departments, the private sector and energy NGOs.

Watch for more information in upcoming issues of *Review*. ■

In the year 2050...

What would the world look like in 2050 if countries agreed now to pursue the development of low-carbon economies? That's the question experts addressed in an NRTEE panel discussion on November 28 at the CoP11 conference in Montreal.

The Round Table held this panel discussion as a side event during CoP11 to emphasize the need for an in-depth examination of a long-term policy on energy and GHG emissions.

Since the transition to a low-carbon economy will involve national and international efforts by the public and private sectors, the panel included: Glen Murray,



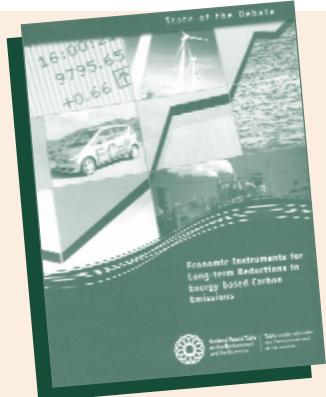
Montréal 2005

Chair, NRTEE, who outlined the key advice being developed for the Government of Canada; Michael Grubb, Chief Economist, UK Carbon Trust, who addressed the practical implications of big carbon emissions reductions as proposed in the UK's *Our Energy Future—Creating a Low Carbon Economy*; and, Daniel Gagnier, Senior Vice-President, Alcan, who addressed the need for a coordinated global response to energy infrastructure development and renewal in both developed and developing countries. See proceedings at www.nrtee-trnee.ca. ■

Ecological Fiscal Reform (EFR)

To reduce energy-based carbon emissions without increasing other pollutants, federal and provincial governments should employ a broad range of currently underutilized fiscal instruments—that's the theme of the recently released NRTEE *State of the Debate* report *Economic Instruments for Long-Term Reductions in Energy-Based Carbon Emissions*.

This report can be downloaded from the NRTEE Web site or purchased at Renouf Books in Ottawa. ■



Boreal Futures

Canada's northern boreal forests are under threat, the NRTEE has concluded in its latest *State of the Debate* report.

"We need to move quickly and boldly," explained Glen Murray, chair of the NRTEE. "A major source of Canada's national wealth and well-being is at stake."

Canada's boreal is a vital part of the natural capital that makes this country one of the wealthiest in the world. In terms of its environmental importance, the boreal forest compares with South America's Amazon region as a repository for biodiversity and a counterbalance for carbon emissions contributing to climate change.

However, our boreal forest landscape has been seriously affected by resource development related to forest, oil and gas, hydroelectric and mineral operations. It's also been affected by climate change. There's a window of opportunity to create a better balance of conservation and development in the region, but only through strong leadership and a shared vision among competing and often divergent interests.

The key recommendation in *Boreal Futures: Governance, Conservation and Development in Canada's Boreal*, released by the NRTEE on October 31, 2005, is that Prime Minister Paul Martin convene a

leaders' conference in 2006 to address the boreal forest challenge.

The Report

The report, prepared by the NRTEE's Boreal Forest Program Task Force, gives an overview of Canada's boreal forest today, describing the major interests in the boreal and trends affecting its future.

Conservation and development opportunities are presented under four headings: leadership, education and information; economic instruments; planning and regulatory processes; and Aboriginal peoples' engagement.

Annexes include summaries of three case studies commissioned as part of the boreal forest program as well as a synopsis of recent Canadian initiatives related to the boreal forest.

The Challenge

The future of our boreal forest is highly uncertain. There are many diverging interests and perspectives, a mix of constitutional responsibilities and no common vision of how Canada should steward the boreal.

The future of the boreal will also depend on a complex set of international and domestic trends including: climate change; global economics; broader domestic government policy priorities such as provincial

resource development policies and federal regulatory and fiscal policy reforms; and the role of Aboriginal peoples, particularly in light of land claims and treaty rights.

Recommendations

As well as calling for a national leaders' conference on the future of Canada's boreal, the NRTEE makes other recommendations ranging from establishing a network of boreal forest centres of excellence to supporting capacity building in Aboriginal communities.

The report recommends using a variety of market-based economic instruments to promote conservation of the boreal's natural capital, including tax policy changes and subsidies for good practices, offsets requiring enhancement or protection of one area in exchange for development rights in another area, and conservation easements.

To find out how to get a copy of this *State of the Debate* report, please visit our Web site. ■

What's the boreal forest, and why is it important?

The boreal forest is the coldest and northernmost forest zone in the northern hemisphere, and forms an approximately 1000-kilometre-wide band across North America, Europe and Asia. It's part of the largest terrestrial ecosystem on the planet, making up a third of the earth's forested land and incorporating its largest expanse of lakes and wetlands. The boreal forest provides important ecological services, from helping to regulate the earth's climate to preserving biodiversity and conserving water.

Canada has about one third of this planet's boreal, more than any country except Russia. The boreal forest, dominated by evergreens and small-leaved deciduous trees, is our largest ecosystem, making up more than half this country's land area. Our boreal forest sweeps across Newfoundland and Labrador, northern and central Quebec, Ontario and the Prairies, and reaches into northeastern British Columbia, the Northwest Territories and the Yukon. ■

The release of the boreal forest *State of the Debate* report marks the end of the NRTEE's Conservation of Natural Heritage Program, launched in 2001 after the NRTEE identified nature conservation as one of the most important sustainability issues for Canada.

The first phase of the program resulted in the *State of the Debate* report *Securing Canada's Natural Capital: A Vision for Nature Conservation in the 21st Century*. This report concluded that conservation needs to take place not only in parks and protected areas but also in the

"working landscape" where industrial activities occur. The report identified Canada's boreal forest as one of the few remaining areas in this country where it is still possible to secure our natural capital.

This second and final phase of the nature conservation program, culminating in the release of *Boreal Futures: Governance, Conservation and Development in Canada's Boreal*, had as its mandate an examination of how to advance conservation in bal-

ance with economic activity on public lands allocated for resource development in Canada's boreal using regulatory and fiscal policy reform. ■



CoP11 Advisory Report, continued...

is viewed as an issue integrally linked to the foundations of the Canadian way of life— affecting our jobs, economic competitiveness, health, and social and cultural values. At the same time, we need a Made-in-Canada climate change strategy to protect and promote Canada's national interests in the face of this challenge."

The NRTEE's climate change advisory report, sent in mid-October to Prime Minister Paul Martin and released to the public this November, was prepared by the NRTEE as part of the lead-up to the Conference of the Parties (CoP11) meeting under the UN Framework Convention on

Climate Change that Canada is hosting in Montreal at the end of November.

Last February, the Prime Minister asked the National Round Table to provide advice on a long-term energy and climate change strategy for Canada. (See the accompanying story for more on this.) The Prime Minister also asked the NRTEE to report back on three important issues in advance of CoP11. These three issues, to be considered within the framework of Canada's national interest, were: providing a Canadian perspective on dangerous climate change; engaging the United States and key developing countries, particularly through the G8 and L20 processes; and improving the mechanisms for countries or companies to contribute financially

to GHG reduction measures in developing countries.

In its advisory report, the NRTEE recommends, for example, that the Prime Minister immediately assume direct responsibility for the climate change file to signal the urgency of the challenge, and to guide decisive and coordinated action by the federal government. The NRTEE also recommends that Canada broaden the terms of engagement with the United States and key developing countries to focus on mutual interests such as energy productivity and security, technology development, and adaptation.

For more information on these and other recommendations in the advisory report, and on the NRTEE's Energy and Climate Change program, please consult our Web site (www.nrtee-trnee.ca). ■

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