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—
Chair

Mr. Bob Mills

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•(1105)

[English]

The Clerk of the Committee (Mr. Justin Vaive): Members of the committee, I see a quorum. We can now proceed to the election of a chair. I'm ready to receive motions to that effect.

Mr. Godfrey.

Hon. John Godfrey (Don Valley West, Lib.): I'd like to nominate Bob Mills.

The Clerk: It's been moved by Mr. Godfrey that Mr. Mills be elected as chair of the committee.

Is it the pleasure of the committee to adopt the motion?

(Motion agreed to)

The Clerk: I declare the motion carried and Mr. Mills duly elected chair of the committee.

Some hon. members: Hear, hear!

The Chair (Mr. Bob Mills (Red Deer, CPC): Members of the committee, we do have Mr. Mulroney here as our witness, and I'm aware of a motion that has been put. I think that Mr. Warawa wishes to....

That motion should be put first. Mr. Godfrey, are you prepared to do that at this point, and then we'll get that on and we can move on with the hearings.

Hon. John Godfrey: I am, Chair. The import of the motion is simply to revert to where we were on Thursday.

The one suggestion I would make is that rather than splitting the panel, which I think we had thought about before.... It's my understanding that one of the witnesses, Mr. Bramley, is not available, and that Professor Jaccard is available but only until 12:30. And I don't know, is Mr. Drexhage here? Is he coming? He's not the sort of chap you'd miss if he were in the room.

The Chair: The clerk advises me he was told to come at 12 noon.

Hon. John Godfrey: I see. Just because, as I say, we have this slightly practical problem of a limitation on Professor Jaccard's piece, I'm wondering if—

The Chair: Could we hear from Mr. Mulroney, and we'll try to finish that even a little bit closer to 12 noon, and then get Mr. Jaccard?

Hon. John Godfrey: Sure.

The Chair: Why don't we let him testify, ask him questions, and then go on.

Hon. John Godfrey: Perfect. I think we should put him on the line, by the way, so he can hear this.

What we need to do, then, is pass the motion with the understanding that we're going to have the vote. Mr. Mulroney is not mentioned by name, and we apologize for that. It is understood that this motion is in the context of the other witnesses who are here. I think we can just try to accommodate—

The Chair: We can just try to work it through the two hours when we're going to talk about the G8.

I want to thank all of you as well. It has been a rather difficult time the last few days. I appreciate all of the calls that I've had from many of your colleagues in the Liberal Party, from certainly NDP members, and my own colleagues. Obviously things did move a little further than we hoped they would. I've learned from that. Unfortunately, I think that things unravelled a little bit, and I'm sorry for that.

But I do have to tell you that in all honesty it was my total decision to arrange to swap the dates, which I thought was acceptable to do the best work of the committee. That I have to say. Certainly I've learned from it, and I look forward to working with all of you—I'm sure in a much more collegial way than possibly sometimes in the past.

Anyway, I look forward to it. Thank you very much for your confidence, and thanks to all of your fellow colleagues for the confidence they've given me.

If we could proceed, what we're going to do is vote on the motion.

Mr. Warawa.

•(1110)

Mr. Mark Warawa (Langley, CPC): Could I have a clarification of the motion? Then I may have a comment.

The Chair: To summarize, we'll begin with Mr. Mulroney. He'll do a 10-minute presentation for us. We'll then get a round. Obviously we'll get Mr. Jaccard on the phone so he can hear what's happening. Mr. Drexhage is coming at 12 o'clock. As soon as we can finish with Mr. Mulroney, we will then move on to the other two witnesses.

I don't know whether Mr. Bramley is.... We can check to make sure whether he's available or not available and proceed that way.

I'm not sure. Do we really need a motion to do that? If that's understood and agreed upon by all members, can we just move on?

Mr. Godfrey.

Hon. John Godfrey: Just as long as we understand that we can hear, sooner rather than later, from Professor Jaccard simply because he's not available past 12:30.

The Chair: Yes, because of his timeline. And I would propose that maybe Mr. Drexhage could do his presentation after Mr. Jaccard does his.

Is that okay, Mr. Warawa?

Mr. Mark Warawa: That's fine.

The Chair: David, you and I go back a long way, back to our China days, so I certainly would like to hear from you and hear about the G8. The real purpose was to learn about the statement that Canada made about what happened at the G8, and I know you've lived and breathed that for quite a few months.

If you could give us a brief overview, then we'll get right to questions as quickly as we can.

Mr. David Mulroney (Associate Deputy Minister, Department of Foreign Affairs and International Trade (Foreign Affairs)): Thank you very much, Mr. Chair, and thank you, ladies and gentlemen.

I am joined here in the room by a couple of colleagues: David McGovern, whom I think you know, the assistant deputy minister, international, at Environment Canada; and Keith Christie, who is the director general, environment, energy, and sustainable development at Foreign Affairs.

If I can, I'll just give you a very quick overview in terms of what I think are the salient points, the results achieved by Canada and by the G8 community at Heiligendamm, which is the place where the summit took place, and then I'd be most happy to take any questions.

This year at Heiligendamm the G8 achieved consensus on a way forward on the challenge of climate change. Leaders emphasized the importance of engaging all major emitters of greenhouse gases in discussions to tackle climate change, including their commitment to participate in the UN Framework Convention on Climate Change conference in December 2007 in Indonesia, with their view to achieving a comprehensive agreement to succeed the Kyoto Protocol when it expires in 2012.

Leaders recognized that climate change is a global problem that requires a global response and that we share a long-term vision of the need to accelerate our action to achieve deep reductions of greenhouse gas emissions. Notably, G8 leaders recognized Canada's plan to reduce emissions by 60% to 70% by 2050 over 2006 levels, as set out in our new domestic plan of action on climate change.

[Translation]

The G8 achieved consensus on a way forward to combat climate change. G8 countries emphasized the importance of engaging all major emitters in the fight against climate change, including their commitment to participate in the UN Convention...

[English]

The Chair: Excuse me, Mr. Mulroney.

Mr. Mark Warawa: I believe there's a problem with the sound system.

The Chair: Yes. I'm having trouble picking up translation here. And that sound indicates that we're trying to get Mr. Jaccard on the phone. I'm not sure why we're hearing that.

Yes. Mr. Jaccard, can you hear us?

It doesn't sound as though he's hearing us. The technicians will continue to work on it.

I'm sorry, David. What can I say?

• (1115)

[Translation]

Mr. David Mulroney: Can I continue?

[English]

The Chair: Perhaps you could slow down as well. The translators are having a little trouble keeping up with you and whatever other technical problems we're having.

[Translation]

Mr. David Mulroney: The G8 achieved consensus on a way forward to combat climate change. G8 countries emphasized the importance of engaging all major emitters in the fight against climate change...

[English]

The Chair: I'll just ask if you could suspend for a minute. They're having other technical problems trying to get through to Mr. Jaccard.

Professor Mark Jaccard (Professor, School of Resource and Environmental Management, Simon Fraser University): I'm here now.

The Chair: Okay, you're there. Good, we're set to go.

Thank you.

[Translation]

Mr. David Mulroney: ...including their commitment to participate in the UN Convention on Climate Change conference in December 2007 in Indonesia, with a view to achieving a comprehensive agreement to succeed the Kyoto Protocol when it expires in 2012.

The G8 recognized in the clearest terms that climate change is a global problem that requires a global response and that we share the long-term goal of curbing it significantly.

[English]

In other words, we achieved consensus, the countries of the G8, through the leaders in their discussions in Heiligendamm. An agreement on combatting climate change was one of the key deliverables and one of the key topic areas of G8 leaders.

It was notable for a number of things: first of all, the idea that (a) the G8 leaders could come together on a forward-looking plan, and (b) that the plan included, implicitly, the notion of accepting global targets—as specifically pointed to in the communiqué from the leaders—of the nature established by the EU in its plan, by Japan in its plan, and by Canada in its plan.

I think two other things are noteworthy vis-à-vis the agreement reached by leaders. One was the willingness to engage major emitters, the notion that in order to make real progress on climate change we absolutely need to have at the table countries like the United States, China, India, and others who account for a significant proportion of greenhouse gas emissions. This is something that has eluded us to date. Finally, I think you will find in the statement confirmation of the centrality of the UN process in this. This process begins again in Bali in December.

These are outcomes that were very much in line with Canada's objectives and Canada's plan. I think they represent one of the most noteworthy and positive outcomes of a successful summit in Heiligendamm.

I'll stop there.

The Chair: I believe you're splitting your time, Mr. Godfrey, with Mr. Regan?

Hon. John Godfrey: That's right.

Welcome, Mr. Mulroney.

I was intrigued by something you said towards the end, which was the whole notion of the implicit acceptance of targets. Implicit is good, but sometimes explicit is better. There were really two going-in positions, I guess, by not only the German presidency but also a number of other countries. One was the whole question of being explicit about the ambition of not allowing global warming to get past 2° Celsius. I wonder if you can tell us a bit about the push-me, pull-me, the tug that took place on nailing that down. That is a fairly widely agreed-upon figure by scientists as well as some states.

The other explicit target that was put forward was the idea of an overall average reduction around the world of 50% vis-à-vis the 1990 target by 2050, which would implicitly mean that countries like Canada would have to do better in order to allow for a fair and differentiated burden being borne by developing countries. In other words, we'd have to get up closer to 80% to allow that 50% to take place with the help of developing countries.

Can you tell us why both of those more explicit targets failed to make it through?

• (1120)

Mr. David Mulroney: Thank you, Mr. Godfrey.

First of all, what was explicit from the leaders was the acceptance of targets themselves.

For the first time—and this is notable in the G8—you had the Americans speaking about the importance of setting and committing to a target. What they said—and this is a rational consideration from their perspective—is that they first want to have the process, the dialogue with the major emitters. They are not prepared to set their target until they've had that discussion. We, the EU, and Japan have already set targets, but we accept the willingness of the Americans to engage in a process that will lead them to establish a target in very short order.

The convening of the major emitters that would happen this year is a significant step forward. They're not at all vague about where they think the targets should end up. What you see in the text is

explicit reference to the plans established by the EU, Canada, and Japan, all of which have the goal of halving emissions by 2050. I think there's a clear way forward and real progress in terms of where the Americans have been up until now.

The two-degree issue was not on the table when the leaders met. It was not discussed.

Previously two degrees had been raised under a number of headings. Two degrees was a kind of place holder for a reference to what the global science was telling us. Two degrees was also held out—although this was recognized as unsatisfactory—as some kind of target by some in the G8. It was realized, though, that it's fundamentally a target that is unmeasurable. What happened was, one, in the final statement there was more explicit reference to the global science itself without selecting one element from that, and two, the target reference was made more explicit and measurable by referring to the halving of global emissions by 2050. That is present and explicit in the plans of the three: the EU, Canada, and Japan.

Hon. John Godfrey: All right.

I'm going to turn my time over to Mr. Regan.

Hon. Geoff Regan (Halifax West, Lib.): Thanks very much, Mr. Godfrey and Mr. Chairman.

I'd like to ask what Canada's continuing obligations are under international law with respect to the Kyoto Protocol.

Mr. David Mulroney: Mr. Regan, thank you very much for that.

That's something that goes beyond my sphere as G8 sherpa. I'd be glad to have someone come from Environment Canada to address obligations under Kyoto specifically.

Hon. Geoff Regan: But surely when you went into this meeting you must have had the obligations under Kyoto in mind. You must have some idea of our obligations, whether or not you're an international law expert.

Mr. David Mulroney: We had objectives in front of us to achieve a global agreement on a way forward, on the engagement of a broader community than is currently among the Kyoto signatories, and to establish a target, and ultimately a mandatory global target. Those were all things that I think we made progress on in Heiligendamm.

Hon. Geoff Regan: The G8 chair's summary says: "We will consider seriously the decisions made by the European Union, Canada and Japan which include at least a halving of global emissions by 2050." It doesn't say from what base. When I refer to the obligations under Kyoto, I don't see how you can know where you're going if you don't know where you've been. If you don't know what your baseline is or what you're measuring, how can you say you're going to halve something that has no reference point? That seems to me to be severely lacking.

Why do you think that's the case?

•(1125)

Mr. David Mulroney: I think what's clear is that for the first time you have a document that is signed by the leaders of the major industrial states, who among them account for a significant percentage of global emissions, mentioning the desire to set a target. In each of the national plans, of course, there are target years and base years. The objective is to have others sign on the same basis, but all agreeing that the ultimate goal of 50% reduction by 2050 is the way forward.

Hon. Geoff Regan: But how can it have any meaning if we don't know that it's halving the levels from 2010, from 2006, 1990...? We have no idea what it relates to, so how can it have any meaning?

Mr. David Mulroney: The plans that were referenced, I believe, do have a base year. I'm not sure if it's specifically in the Japanese plan, but the Japanese Prime Minister had spoken about 2006 as a base year. Certainly in Canada's plan there's a base year, and certainly the Europeans have had a base year. The idea is that others would follow suit, follow the practice established by the three groupings: EU, Canada, and Japan, and put in place a framework for measurable reductions.

Hon. Geoff Regan: So they're different base years. The EU doesn't have the same base year as Canada, obviously.

Mr. David Mulroney: But the net effect of Canada's reduction of 60% to 70% on 2006 is a 50% reduction on a 1990 base year.

Hon. Geoff Regan: I'd like to know your interpretation of common but differentiated responsibilities, as well as the commitment to contribute our fair share to tackle climate change. How do you interpret those? How does Canada interpret those commitments?

Mr. David Mulroney: Common but differentiated accepts the fact that every economy or large grouping of economies is different. Canada is, in the G8, an example of a nation with a growing population, a growing economy where there's a significant energy sector, yet we're willing to make commitments that will result in real gains over time. There is a desire to work flexibly with countries, acknowledging that they face special challenges. Certainly bringing the Outreach Five, the countries like China, India, Brazil, Mexico, and South Africa, will require flexibilities when it comes to the use of technology, technology transfer, sharing best practices on market mechanisms that can work.

So there's an acceptance that we all need to work together to achieve plans and that we're all not starting from the same place.

Hon. Geoff Regan: In the history of G8 meetings and other international forums, can you tell me about other cases where there's an agreement to seriously consider something, particularly where there's been agreement to seriously consider global emission reduction targets? It seems to me that obviously that is an extremely weak statement from the G8, and I wonder how it came about that it wasn't stronger.

Mr. David Mulroney: The Prime Minister has mentioned this in his own interventions. He was very explicit in referring to this as a new step forward for the United States, a willingness to commit to a process of setting targets. He made that explicit in his direct address to the President, and in his address to other G8 members, as a significant step forward. At the same time, he made clear to all in the room, including the U.S., the importance of setting targets, the

importance that we all have to bind ourselves to a process. As he said later, this is particularly important for Canada because of course we share a border, we are economic partners with the United States, we share an airshed with the United States.

So it's seeing the U.S. move to a new position where they're willing to set targets and move forward. It's important not just for the G8 but for Canada too.

The Chair: Thank you very much.

Mr. Bigras.

[*Translation*]

Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ): Thank you very much, Mr. Chair.

First of all, Mr. Mulroney, welcome to the committee. I have no doubt that today you are going to promote this media release and the agreement on climate change that was signed in Germany. Since your signature is on it, you are also thereby required to promote the agreement, which you probably consider a success. Unfortunately, I am having a very hard time this morning seeing anything positive in this agreement.

After the summit, Chancellor Merkel said this:

The real question is: will we be farther along at the end of this summit? This would mean that we accept that climate change is a problem caused by human beings and that we need a process in which the UN is involved.

Mr. Mulroney, it seems to me that we have some way to go. I was in Kyoto in 1997 and those declarations had already been made and accepted by the international community. I am having difficulty seeing any progress. You are saying that we have a global problem that requires a long-term solution. But no concrete objectives or timelines came out of the G8 meeting.

Really, was the G8 summit meeting nothing but a rehash of the Asia-Pacific Partnership that is presently under discussion and in which Canada is very interested? But the partnership has no objectives or timelines to fight climate change either.

•(1130)

Mr. David Mulroney: The most important thing that came out of the G8 summit in Heiligendamm is the declaration of intent from countries like the United States. There is also the invitation that was extended to countries like China, India and the other major emitters to participate in a binding process that would tie in with the one being undertaken by the United Nations. So the difference is in the presence of countries that are not already signatories of the Kyoto Protocol.

[English]

The significance of what happened in Heiligendamm is that for the first time you have the agreement of the United States, first of all, in an agreement that includes the United States, the EU, Japan, Canada, and Russia in a single accord, speaking the same language, and the willingness, as I've said, of the United States to say they are willing to adopt real targets for climate change and that they want to do it by following a process that involves the major emitters.

You also have the engagement of the G8 with the key major emitters. If you look at the G8 plus what they call the Outreach Five, the other five countries that were invited—China, India, South Africa, Brazil and Mexico—that accounts for over 70% of greenhouse emissions, so it's a pretty important group of countries to be engaging. You have a process with the G8 leaders meeting with those countries and saying they need to work together with a view to bringing the major emitters together, agreeing on a framework for greenhouse gas reductions, and having this feed into the process that will begin in Bali in December of this year.

Experience teaches us that it would be very difficult to predict success for a process like that—we've been there before—if we don't have some indication that we can bring the major emitters on board. What the G8 leaders are saying is that they have, very usefully, a guide as they try to set a wider objective, and that they should look at what the Europeans, the Japanese, and Canada have done as a guide to what they might collectively aspire to.

Does that mean we declare victory and that all the work is done? Not at all. A great deal of hard work remains. There will be hard work in terms of the engagement of the Outreach Five. There will be hard work to do on the ground in Bali, but we have turned a corner and we're much further ahead than we were pre-Heiligendamm.

[Translation]

Mr. Bernard Bigras: But you will admit that the agreement is vague, weak and inadequate. I would like us to understand that this summit in Germany does not bode well for the conference in Bali that is to be held in December.

A few months ago, I was in Nairobi. The negotiations were looking ahead to Kyoto 2 and people wanted an agreement as soon as possible. The G8 is an important part of the upcoming conference in Bali. The communiqué tells us that members of the G8 will consider seriously the decisions made by the European Union, Canada and Japan to reduce global emissions by half by 2050. There is no commitment. Does that mean that the conference in Bali will set no medium-term target for reducing our greenhouse gas emissions, but that the decisions, the discussions and the negotiations in Bali will focus on long-term objectives, likely 2050, still with no commitment? Does the recent G8 summit not put into jeopardy an international agreement to set a target, as Europe proposed, to reduce greenhouse gas emissions by 20% or 30% by 2020—depending on the number of countries that decide to sign on? The Bali conference will fail because it will not address reductions in greenhouse gas emissions in the medium term, but will talk only about 2050. Who knows, maybe people will come home from Bali without even a long-term target for greenhouse gas reduction.

•(1135)

Mr. David Mulroney: I feel that the member countries of the G8 recognized that the most important thing, if we want to be successful in Bali, is to achieve, or make progress towards, the cooperation of the major emitters. This is very important and it has eluded us up to now. With your permission, I can provide a little explanation. There will be a meeting of the major emitters who will work towards an agreement that will be included in the process to be begun in Bali and that will be conducive to a global agreement before the end of 2009.

[English]

The Bali process begins this year. Up until now it has been very difficult to have an agreement that truly engages all of the major emitters. That's the thing that I think has escaped us in Kyoto to date. But the idea is that major emitters would be convened with a view to achieving a global framework, an idea for reductions, by the end of 2008 that would in turn contribute to a global agreement in the UN process by the end of 2009. So leaders were seized with the urgency of moving quickly. They realized that in order to have a post-2012 agreement, we need to move now, in real time. I think the innovation coming from the G8 was the idea of engaging the major emitters to work by the end of next year on a framework for consideration of the UN process to reach an agreement by the end of 2009.

[Translation]

Mr. Bernard Bigras: Do you think that these discussions on the Asia-Pacific Partnership on Clean Development and Climate... Are you aware of the discussions?

Mr. David Mulroney: Yes, the AP6.

Mr. Bernard Bigras: Right. Some major emitters are part of that initiative. Do you think that these discussions on climate change that are going on in the Asia-Pacific context and the principles and premises of those discussions might provide an interesting basis for the meeting in Bali in December? Do you think that, in those Asia-Pacific discussions, any of the negotiations might be helpful for the meeting in Bali that is coming up in a few months?

Mr. David Mulroney: I feel that there will be a number of forums and processes working to achieve progress. There is the main United Nations process, there is also the Gleneagle process started by the G8. There is also a process within APEC, the Asia-Pacific Economic Cooperation. So discussion is taking place on several fronts, but ultimately everyone has to participate in moving forward the process that will be undertaken in Bali this year.

•(1140)

Mr. Bernard Bigras: Fine. Thank you.

[English]

The Chair: Thank you, Mr. Bigras.

Mr. Cullen, please.

Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP): Thank you, Chair, and thank you, Mr. Mulroney, for coming today.

Do you feel happy with the way the negotiations went?

Mr. David Mulroney: We feel that we achieved success in Bali.

Mr. Nathan Cullen: Your mandate directly comes out of policies of the government. Is that true in terms of what the government is willing to concede to and what it's not? You're not an independent actor. You have to direct yourself from the instruction of the government.

Mr. David Mulroney: The title means that I'm the personal representative of the Prime Minister to the G8 process, so my responsibilities are.... Each of the leaders has a personal responsibility to take instruction from their leader to help shape the agenda and some of the documents for consideration by leaders through the course of the year. So we take our instructions from the leaders.

Mr. Nathan Cullen: You'll forgive Canadians for feeling somewhat skeptical over this recent celebration, the announcement, of how much was accomplished in Germany. They've seen celebrations before from the world leaders when it comes to climate change, but there's been one consistency, which is that Canada has performed among the worst of the economically developed nations.

Is that a fair statement in terms of climate change and greenhouse gas emissions?

Mr. David Mulroney: I can only speak to the process that I've been part of, and I've only been sherpa since February. I want to tell you, if I may, the fact that Canada has a plan and has a plan that will allow it to move forward with real reductions was recognized within the ranks of the G8 membership and warmly greeted. In fact, I think that's why it's present in the final communiqué. So I think there's recognition that Canada is making progress.

Mr. Nathan Cullen: It's interesting. It must not be much of a tough crowd, because between the previous administration and this current one, Canada, in terms of greenhouse gas emissions, as a developed nation—you must know this, you deal with this file—has one of the worst records of any developed nation.

It seems passing strange that there was almost a tone of lecture from our Prime Minister and in some of your comments today towards the United States, in saying that the United States needs to involve themselves and include themselves in this process. The United States has in fact done better than we have since the signing of Kyoto. I wouldn't be surprised if some of the American negotiators were able to smile quietly to themselves at being lectured from a country like Canada, whose record is so off base with what the world is trying to do.

Is there an official government policy in terms of what the limit of greenhouse gas emissions in the atmosphere should be in parts per million or degrees? You've said no. Do we have an official policy going into these negotiations?

Mr. David Mulroney: If I created the sense that I was lecturing or anyone else was lecturing, that was certainly not the case. I think the Prime Minister has been very frank, both publicly and in the G8, and that's the reason we've had the success we've had. He's talked very honestly, any time he has spoken about this, about where we are in terms of our performance and the situation in which we find ourselves. He doesn't embellish that or try to hide it.

Mr. Nathan Cullen: In terms of frankness about our target, let's be specific to our—

Mr. David Mulroney: But what he then says—

Mr. Nathan Cullen: Excuse me for a moment, Mr. Mulroney. The specific question I have is whether you were given instruction going into this negotiation over a global limit on greenhouse gases. Was there any instruction to you to say that this is the target we're aiming for, and to negotiate and pull the other countries towards that target?

Mr. David Mulroney: My policy guidance flows from Canada's own climate change plan.

Mr. Nathan Cullen: Right.

Mr. David Mulroney: Beyond that is the desire to see us engage in a process that involves other major emitters, starting with the U.S. That's not a question of lecturing the U.S. or feeling superior to the U.S., but it's acknowledging that it's important that we all establish long-term targets.

Mr. Nathan Cullen: Sir, please don't avoid my question. My question is specifically this: were you given a negotiating mandate, going into this negotiation, to try to establish a global target for greenhouse gas emissions for total parts per million or for two degrees, or any such target? That is my specific question.

Mr. David Mulroney: My negotiating mandate and my policy mandate flow from Canada's plan, which, as I indicated earlier, sets a 2006 target of 60% to 70% reductions by 2050, which is absolutely consistent with the objective of having emissions on a 1990 basis by 2050.

Mr. Nathan Cullen: You've talked about this agreement coming out as an accord. That is how you referred to it. Is it binding or non-binding upon the signatories to the press statements and to the actual official statements? Is it binding upon the countries?

• (1145)

Mr. David Mulroney: The G8 commitments are commitments by leaders, and as such, when leaders say they're going to do something, they follow through. It's not a legal document, but it is a national commitment.

Mr. Nathan Cullen: We've heard such commitments before from this government, and they're not necessarily worth the paper or the audio capture.

The question I keep running back to is the official government policy, the one that you are mandated to negotiate upon. It talks a lot about potential economic harm to Canada's economy if we go too far, if we restrict greenhouse gases too much. Was it part of your negotiating package to be wary of setting limits or restrictions that were going to be too punitive on the Canadian economy?

Mr. David Mulroney: I think the discussion throughout the G8 process, recognized by all of the G8 members and flowing from their work last year at St. Petersburg, acknowledges that all economies have to balance environmental protection and economic growth. That's not a Canadian preoccupation alone; everyone accepts that.

One of the ways we've addressed that—and this is an area in which the G8 dialogue, I think, is very fruitful and very valuable—is to look at market mechanisms. One of the best things the G8 does, at the level of leaders and at the level of their officials, is to compare notes on innovations and best practices in particular economies to ensure that industry is fully engaged and contributing.

Mr. Nathan Cullen: Then the question I posed in terms of Canada's being wary of having too stringent a framework or guideline or target set up on our economy is true.

Mr. David Mulroney: No. I think the way I would answer that is to say that every economy in the G8 acknowledges—and there's wide agreement on this—that going forward, you need to balance several things. You need to balance economic—

Mr. Nathan Cullen: Certainly. I wasn't saying it was exclusive to us; I was saying it is part of our negotiating mandate.

My question to you is this. Was it also part of your negotiating mandate to understand the economic downside of not doing anything about climate change? Does Canada have an actual estimation of what severe impacts of climate change will cost our economy, and does that factor into how you negotiate when you go into these meetings?

Mr. David Mulroney: The negotiations, the discussions, were also careful to take note of what global science is telling us, so I think there was an appreciation, again by everybody in the room, that there's a cost to not addressing climate change.

Mr. Nathan Cullen: Do we have any estimates of what those costs will be? The government has spent a great deal of time talking about what the costs to our economy will be of limiting greenhouse gas emissions. "Economic disaster" and those types of terms were thrown around, yet there's been no factoring at all, that we can find, of the government understanding what the economic pain will be of unmitigated climate change. Do you know what those numbers are?

Mr. David Mulroney: Again, I would be happy to have someone come back from Environment Canada to speak to that.

Mr. Nathan Cullen: Did Canada square the circle, in effect, to the subsidies we offer to one of the most polluting forms of energy resources on the planet, in terms of the northern Alberta tar sands? They consume one of the highest rates of energy per unit produced. They also produce one of the highest rates of greenhouse gas emissions of any unit produced. Can Canada rectify that hypocrisy, on one hand talking about wanting to be serious about climate change and on the other hand subsidizing and supporting interests that will, in effect, guarantee we are facing this problem 20 years from now?

Mr. David Mulroney: Again, and with respect, that wasn't something we discussed in the G8 context.

Mr. Nathan Cullen: So when you go to these meetings—and Canada has a poor track record compared to the other countries when it continues to subsidize some of the most polluting forms of energy

on the planet—that doesn't factor into Canada's legitimacy at all. Is that what you're suggesting?

Mr. David Mulroney: I think what factors into Canada's continuing legitimacy is honesty and forthrightness on the part of the Prime Minister about the numbers as they are, the situation we find ourselves in, and the fact that the Government of Canada has undertaken to do something about it. Again, that was recognized and appreciated.

Everybody in the G8 now understands Canada's position. I think they also understand that we're committed to making progress and are making progress. As I say, again, that's reflected in the final communiqué.

Mr. Nathan Cullen: Was there any discussion...? You keep referring to the excitement around being able to establish and foresee targets by all these industrial emitters, but a target is meaningless if a target is establishing either the status quo or potentially something worse. Did Canada put forward a position that absolute targets are required of all the participating members at the G8 meeting in Germany?

Mr. David Mulroney: The Prime Minister has said we need to move to a system where there are real mandatory targets for all countries. Canada has moved in that direction, and others need to move in that direction too.

● (1150)

Mr. Nathan Cullen: "Absolute" was the key term in my question. Was part of your mandate to negotiate absolute targets on behalf of Canada?

Mr. David Mulroney: Real and meaningful targets, yes.

Mr. Nathan Cullen: Thank you.

The Chair: Thank you, Mr. Cullen.

Mr. Warawa and Mr. Harvey, I believe you're splitting your time.

Mr. Mark Warawa: Yes, Chair, I'll be splitting my time.

Thank you, Mr. Mulroney, for being here.

Prior to your going to Germany, six members went to Berlin to the GLOBE G8+5 legislative forum. Tony Blair was one of the speakers and was very optimistic going into G8. So I was quite anxious and was watching it closely.

I have a quote from him. He said the whole tone of this agreement on climate change would have been unimaginable even a year ago. The Glasgow *Herald* reported that the British Prime Minister also praised the agreement reached on climate change on Thursday with the G8, acknowledging the need for a global deal for the very first time, with substantial cuts in greenhouse gas emissions at its heart. Chancellor Merkel called it a big success. So I want to thank you for the part you played in that.

I was wondering if you could share with the committee the role Canada played in reaching that consensus. Clearly, Canada, Japan, and the EU were at the GLOBE forum we had before; you could see that taking shape. Our plan is almost identical to Japan's. We all reached the target of a 50% reduction by 2050 at the same time, same point, same place, which is really encouraging. It sets a good example to the world, to the United States.

What role did Canada play in reaching that consensus?

Mr. David Mulroney: I think there are a number of things.

First, the G8 summit was preceded by the Canada-EU summit, which happened in Berlin on the Monday. Climate change was also on the agenda for that, and we ended up with an agreement with the EU that in effect recognized the commonality of our approach, the notion that Canada and the EU underline the need to reduce global greenhouse gas emissions by at least half by 2050.

So there was, I think, a significant meeting of the minds following the Prime Minister's meeting with the German Chancellor and with President Barroso of the EU. He also, of course, met with President Sarkozy and Premier Fillon of France in Paris on Tuesday.

And finally, at the G8 itself, I think he was credible and effective in terms of explaining to all in the room why we in Canada have accepted and are moving towards measurable targets, and why it's significant to aspire to an agreement that includes everybody around the G8 table, including the United States, and that reaches out to the major partner economies, the major industrial developing economies like India and China.

I would say, in those discussions, he and Prime Minister Blair were particularly effective in recapping for the other G8 leaders what essentially was on the table and why it was important to aspire to seize that opportunity and to continue to challenge one another to move forward. There were a number of times when he intervened just to remind people of what was in reach and that it really meant something; that it meant we would hold ourselves to targets, that we would work together to ensure that we were achieving something and that our partners in the developing world were achieving something.

He held out a level of ambition and commitment acknowledging that Canada had come a long way and that we had significant issues that we had to address and were addressing—so with real credibility—but I think he was very persuasive in making that presentation.

Mr. Mark Warawa: Can you share some specifics, as much as you can, in the negotiations that you had with your colleagues from the different countries? There was a question on the negotiation. You can't share everything, but share what you can. How important was your position in negotiating with your counterparts?

•(1155)

Mr. David Mulroney: I would have to say that climate change—it's a leaders-driven process—was from the outset something that the leaders, the Chancellor, and the Prime Minister intended to have a real discussion on.

Sherpas set up the base camp, but they don't go up to the top of the mountain. That final climb was done by the leaders. The significant issues were discussed and in play by the leaders themselves, and I think the Prime Minister, both in the Canada-EU summit and at the G8, was an architect of the final agreement.

Mr. Mark Warawa: Thank you, Mr. Mulroney. Thank you for a job well done.

The Chair: Mr. Harvey.

[*Translation*]

Mr. Luc Harvey (Louis-Hébert, CPC): Mr. Mulroney, before the G8 meeting in Germany, were there member countries who had no Kyoto obligations, or no obligations to reduce greenhouse gases?

Mr. David Mulroney: Are there G8 members who have not signed the accord? Yes, the United States.

Mr. Luc Harvey: Did China have greenhouse gas reduction targets?

Mr. David Mulroney: No.

Mr. Luc Harvey: But it had signed...

Mr. David Mulroney: Nor India.

Mr. Luc Harvey: Is the success of the G8 meeting due in part to the fact that these three countries have been persuaded to subscribe to the concept of greenhouse gas reduction? Is this where Canada's leadership became so important?

Mr. David Mulroney: The success of the G8 meeting lies in large part in the fact that consensus was achieved on the importance of global targets and the need for each country to establish targets. It was very important to arrive at a consensus with member countries like the United States.

With other countries like India and China, the process is now underway. For the next months or the next year, the goal will be to continue to urge each of these countries to commit.

[*English*]

The real challenge lies ahead. We have left Heiligendamm with an agreement to move forward collectively, with an agreement to engage the key industrializing countries. We all know the economic story of China; it will, within very short order, become the world's largest emitter. It's tremendously important to engage them in a discussion. So we've proceeded with an agreement to create a framework that does engage them realistically.

The G8 members, under the leadership of Germany, had convened a meeting at officials level before the final summit that for the first time brought the five countries together in a discussion with the G8 on climate change, but it was understood that this was very preliminary and would only be really blessed and approved and launched following Heiligendamm.

So we come away with, I think, a two-step process: first, the engagement of the U.S., and second, a process to engage the others.

[*Translation*]

Mr. Luc Harvey: Was the environment, or more precisely, the reduction of greenhouse gases, a major topic at the recent G8 meeting?

Mr. David Mulrone: Yes, the environment was the most important topic for the G8. The other topics were economic development in Africa and a dialogue on major international questions, like peace in the Middle East and Afghanistan, a matter that the Prime Minister brought up for discussion just after his visits to Kabul and Kandahar.

The items on the agenda were climate change, Africa, economic development in the G8 countries, and major global issues.

• (1200)

Mr. Luc Harvey: But the environment was Item 1.

Mr. David Mulrone: Exactly.

Mr. Luc Harvey: Fine.

Thank you, Mr. Chair.

[*English*]

The Chair: Thank you very much, Mr. Harvey.

Thank you very much, David, for appearing. I hope that was informative for all the members. We know a little more about what a sherpa does, and we certainly thank you very much for appearing before us.

Just so the members know, the clerk contacted Mr. Bramley, and he's at a retreat. I understand that he advised the clerk on Thursday about that problem.

We do have Mark Jaccard on the line.

Mark, are you still there?

Prof. Mark Jaccard: I'm still here, if you can hear me.

The Chair: All right.

I understand that you can only be with us until 12:30. Is that correct?

Prof. Mark Jaccard: That's correct.

The Chair: Okay.

What I would suggest to members is that if we could have Mark do a brief presentation for us, then we'll divide whatever time is left—probably we should have about seven minutes—and do a seven-minute round, one round, with Mr. Jaccard. And then we'll get to Mr. Drexhage in the last half hour, if that works for everyone.

Does that sound okay? We'll proceed, then.

Mark, can you give us a presentation of up to 10 minutes, please?

Prof. Mark Jaccard: Yes, thank you.

Hello, everyone. I'll keep it quite short so we can better have time for questions, and I'll also try to be very brief in my answers to questions.

I released a report with the C.D. Howe Institute, as I think everyone's aware, a week or so ago. That was something I had been working on since the government released its final set of climate change policies. There are actually three different sets of policies that we talk about since the government came to power. So we wanted to have all of this together.

The media contacted me in April, when the government came out with its policies, to ask what their effect would be, and I declined to answer, because as I'll explain in a minute, we really need careful analysis and modelling using computer models that have, yes, uncertainty associated with them, but they're the best tools that we human beings have to try to estimate the effect of our policies. We have learned a lot in 20 years of policies that have not been very successful, and that's sort of what I'm going to address right now.

The question I'm obsessed with as an analyst is how I can help policy-makers establish policies that will actually achieve their targets. I do find that when I hear lengthy discussions about targets, and even a little bit with your previous speaker, I get this very strong urge to keep shouting out, "What's the policy link to the target?"

In fairness to you politicians, there is a lot of political pressure on you to make strong statements about strong targets, and yet at the same time, there's a lot of political pressure on you not to match those statements with effective policies, because unlike what many people will have told you—and even, unfortunately, many of my environmentalist friends—reducing greenhouse gases involves policies that change costs for people. Some people will react negatively to those, and you'll have to do a lot of work to get the media understanding that that's actually the only path to get there. That's where I believe we are dropping the ball over and over again, when I look historically. Unfortunately, I feel we are still dropping the ball looking forward.

While my current comments are, yes, critical of the current government's policies, because those are the particular ones I'm focused on, I think you're all well aware that I've been critical of the policies of the previous Liberal government and even of what I've seen in the policy proposals of other federal parties. I guess I'm not going to be making a lot of friends here, but I really think that in the interests of our moving from two decades of discussions about targets to actually making changes, people like me are going to have to try to move the discussion in that direction. That's also why it was interesting to listen to the previous speaker talk about—

The Chair: Just excuse me, Mark, for one minute.

Mr. Warawa.

Mr. Mark Warawa: The point of order is that the topic is the G8 meeting and the policy and the influence internationally of the results post-G8. Perhaps I could encourage Mr. Jaccard, whom I respect greatly, to keep it to the topic. It's not on his C.D. Howe report.

• (1205)

The Chair: Thank you, Mr. Warawa.

I'm going to ask Mark to continue. I believe you've heard the comment and will direct it in that direction, if you can.

Carry on, please.

Prof. Mark Jaccard: Yes, and my apologies. I was completely unaware of what the topic was. I just knew you wanted to hear me as a committee.

So am I permitted to talk about—

The Chair: Yes, carry on, Mark, and make your presentation, so we can get to questions, and the members will ask what they want to ask from you.

Thank you.

Prof. Mark Jaccard: I'm almost finished here.

What I would say, with respect to the G8 discussion and the previous speaker and other discussions, is that what I'm hearing is that this is a first in the sense of having the United States and other major countries agree that we need a global agreement and that all countries need to be involved. This is not a first. I've been around this for two decades, and in the 1990s we had.... I'd need to go back to look at the records of G7 and G8 meetings, but I am quite convinced that we had governments standing up as a whole in G7 and G8 saying we needed global targets and efforts from greenhouse gas reductions. But I'll drop that.

If I'm to think of how countries—the G8, whoever—are setting targets and then ask, with the area of my expertise, which is how they would achieve those targets, I would point out to your committee, to you, that when you're designing policies to achieve your targets, the atmosphere must have a value. There are three reasons why. One is that fossil fuels are still, and in many cases will remain, a relatively low-cost energy source—and that's likely for at least a century—compared to renewables and nuclear. Second, it's cheaper to use fossil fuels without capturing the carbon dioxide. Therefore, thirdly, in a free market economy, innovations and new products and services will look to burn these fuels and use the atmosphere as a repository for the CO₂ unless you have policies that explicitly prevent that. The policies to prevent that have to put a charge or a regulated cap on emissions into the atmosphere.

So the second part is a policy lesson when you're trying to hit these targets—G8 or otherwise—and that is that subsidies are not nearly as effective as they appear. It looks like you're giving someone \$50 for an efficient fridge and that therefore energy use from fridges will fall in that particular household. The evidence that we now know from two decades of analysis contradicts that. It says that we measure efficiency by per cubic metre of the fridge, for example, and yet fridges are getting larger. The service of refrigeration involves the innovation of new products such as desktop fridges, wine coolers, water coolers, a basement fridge, and

so on. So these kinds of subsidy policies without a price on the atmosphere cannot get you there.

The only final point I want to make is that I work in this area and have worked here for two decades. The world energy assessment, which is developed by the International Energy Agency, the World Energy Council, and various programs of the United Nations, came out in the year 2000 with a significant section on policy. The new global energy assessment will come out in 2010. In the last year I was appointed as the head person for policy analysis in that process, and so I'm assembling a team of the top people internationally on policy design. Quite frankly, the message I just gave you about policy use and policy failures is held universally by these leading independent experts. These are academics who advise governments or leading industry people who are in the research end of this.

So what I did just recently—and I'll close now—is simulate the policies in Canada to see if they would achieve the targets we were looking at, and the results are there for anyone to see. I did not find that they did.

So I'll complete my comments there and stand open for questions.

• (1210)

The Chair: Members, we have roughly just a little over five minutes per round, so that's what we'll stick to, because of Mr. Jaccard's time.

I'll start with Mr. Godfrey, please.

Hon. John Godfrey: Thank you very much.

Welcome back, Dr. Jaccard, to this committee.

The connection between what you're telling us and the overall topic is simply Canada's credibility at the G8 meetings. When we said we were going to meet a 50% emission target, for example, would it be fair to say that the conclusion of your study for C.D. Howe is, as you put it, that:...

...overall emissions in Canada are unlikely to fall below current levels. The government is likely to miss its 2020 emissions target by almost 200 megatonnes. Moreover, because of this gap in 2020 between target and reality, it is unlikely that a future government would be able to achieve the ambitious 2050 target.

Is that a reasonable summary of your study?

Prof. Mark Jaccard: Yes, it is.

Hon. John Godfrey: A second conclusion you come to is that for the same amount of money as the government might be spending, the costs of the current policies being proposed by the government to the GDP would be comparable to those of more effective policies that would actually achieve targets. Is that a secondary conclusion?

Prof. Mark Jaccard: Yes, it is.

Hon. John Godfrey: You ask the question, what is the policy link to the target? Let's look at the largest source of greenhouse gas emissions, and you reference this, which is the large industrial emitters, which collectively put out about 53% of emissions. Can you take the case of something like an oil sands producer and run through the provisions of the regulations?

The Chair: Yes, Mr. Harvey.

[Translation]

Mr. Luc Harvey: Last week, we had quite a spectacle for two hours trying to get the G8 matter dealt with. Today, we are ready to talk about it, but we have a witness who did not participate in the G8 and did not even know that he was supposed to talk about it. So we are still not dealing with it. I hope that we are going to get to it soon, because we wasted two hours last week discussing it, Mr. Chair.

[English]

The Chair: Mr. Harvey, technically we do have a problem with what did happen. We don't have an official order. We are more or less in no man's land. My feeling is that we can talk about climate change, about the G8 obviously, and the government plan. I think I'm going to let that range fairly widely and get on with the best use of our time.

Hon. John Godfrey: Coming back to the question, Dr. Jaccard, on the lack of a policy link to the target, can you take the specific case of large industrial emitters and take the case of an oil sands producer? What are the various ways that the oil sands producer could get out of actually reducing emissions, or even improving emission intensity, given the plan as you have seen it?

Prof. Mark Jaccard: The oil sands producer could decide to do nothing different from business as usual in their own plant or activity in terms of reducing emissions and instead subsidize. In other words, instead of government subsidizing, the oil sands producer would subsidize reduction actions by other parties in the non-regulated part of the economy. Or they could pay other industrial actors to make reductions as a way of getting the credits they need.

I would say that's not necessarily a bad thing. Where it's most expensive to reduce emissions in the country, you don't want it to happen. You want it to happen where it's cheapest, and so you do try to have trading mechanisms.

The challenge here is that the regulated cap is on part of the economy, but actually they have an opportunity to go to the unregulated part of the economy. That's the part of the economy where we don't have that constraint of a price on the atmosphere. That's what I'm worried about. I hope that's clear. And that would make it hard to achieve our G8 targets.

Hon. John Godfrey: What about some of the other measures that the government has brought in? I'm thinking of the transit pass. Is that not a good use of public money to achieve our targets?

Prof. Mark Jaccard: It's mostly a transfer of funds to transit users. Universally, research shows that only a tiny percent of automobile commuters would be motivated to switch to transit by that tax credit. Therefore at least the taxpayer cost per tonne of CO₂ reduced is, we think, well above \$1,000.

• (1215)

Hon. John Godfrey: What about something like the biofuel strategy? When people talk about biofuels, are there actually other energy implications that are not taken into account in this plan, for example?

Prof. Mark Jaccard: Again, the issue is whether you are just regulating part of the economy. Right now we're just looking at the California policy on carbon content in fuel. I note that my colleague Robert Stavins, from Harvard, has just done an analysis of some of the California policies, and I was just reading that this weekend.

I would say that mandating a percentage of ethanol in vehicles is not necessarily a bad thing. You just need to have that as part of a set of policies that ensure there are not parts of your economy that can use the atmosphere as a freeway receptacle. I can't give you a lot of details in the time we have, but that may work. I'm not sure.

The Chair: Mr. Lussier is next.

[Translation]

Mr. Marcel Lussier (Brossard—La Prairie, BQ): Thank you, Mr. Chair.

Mr. Jaccard, does the Canadian model for calculating emissions that you mention in your report consider the fact that oil sands production is going to go from 1 million to 5 million barrels per day?

[English]

Prof. Mark Jaccard: I don't have the exact number in front of me, but we use a standard forecast of the oil sands growth, so certainly significant oil sands growth is included in that.

[Translation]

Mr. Marcel Lussier: Does the "Policy Emissions" curve on the graph on page 19 of your C. D. Howe report consider the contribution from provincial programs?

[English]

Prof. Mark Jaccard: That's only to the extent that they've been firmed up with policies that actually are going to be effective, so it's not enough for the Government of Ontario to say that it's going to set some targets; what we really need are some specific policies. Where those exist—such as Hydro-Québec's policy on wind power—we have included them.

[Translation]

Mr. Marcel Lussier: Fine. Are you familiar with the European model for greenhouse gas reduction?

[English]

Prof. Mark Jaccard: Very much so.

[Translation]

Mr. Marcel Lussier: If Canada had the same model as the Europeans, could it achieve the target?

[English]

Prof. Mark Jaccard: Unfortunately, the answer is no. So far the Europeans, on a policy design basis, have done better than we have in Canada in implementing policies that have a better chance of reducing emissions, but the models they use are still, in my view, overstating their ability to achieve their actual targets. I think the evidence of the last five years has borne that out. I'm actually working closely with my European colleagues to improve those models so that they have more of the attributes of the model that I'm using, for example.

[Translation]

Mr. Marcel Lussier: Does your model include provincial programs designed to reduce their dependence on petroleum? Does your report include the provincial initiatives aimed at reducing dependence on petroleum, especially in transportation?

[English]

Prof. Mark Jaccard: Yes, we have those.

[Translation]

Mr. Marcel Lussier: Thank you very much.

[English]

Prof. Mark Jaccard: For example, the rate of use of transit for commuting increases, and that's a little bit because of the effect of the Conservative transit pass tax credit, but it's especially because of investment in improved transit, some of it funded by both provincial and federal governments.

[Translation]

Mr. Marcel Lussier: Thank you very much, Mr. Jaccard.

[English]

The Chair: Mr. Bigras, there's a minute left if you.... You're okay.

Go ahead, Mr. Cullen, please.

• (1220)

Mr. Nathan Cullen: Thank you, Mr. Chair.

Thank you, Dr. Jaccard, for being here.

I have a couple of questions. Have you been able to see anywhere within the government's assessment or analysis an idea of the most

cost-effective measures to be used in the reduction of greenhouse gases? What I'm getting at is that I remember that many Conservative members, when they were in opposition, were highly critical of the previous regime for not doing a cost assessment of where the best dollar was spent to get the most benefit. Have you seen any such assessment in the current government's plans to this point?

Prof. Mark Jaccard: No, and I did ask the government for that. I was given some information about their estimates of what each program would achieve in terms of emissions reduction, but I was interested in the parameters inside their model that had to do with behaviour and how people respond, and also to do with cost estimation. They were very helpful, actually, but weren't able to provide that yet. They also were given a copy of the C.D. Howe report to review in advance of its release by a week or two.

Mr. Nathan Cullen: Just to be clear for committee members, do these assessment models exist right now? Is there something the government can run its plans through to get at least some estimation of the most effective taxpayer dollar spent?

Prof. Mark Jaccard: Yes.

Mr. Nathan Cullen: The second question I have is with respect to any assessment of adaptation costs for the Canadian economy. Much of the conversation has spent time on mitigation only. The government has spent a great deal of effort talking more about doomsday scenarios of doing greenhouse gas reductions too severely. Has there been any assessment that you've seen as to the impacts on the Canadian economy for unmitigated climate change?

Prof. Mark Jaccard: I don't have specific numbers. I've tended to review studies on different kinds of environmental effects, but I'm not familiar with some specific cost estimates, no.

Mr. Nathan Cullen: Has there been any assessment at all as to the economic benefits by transitioning the economy from a high greenhouse gas emitting economy to one that is of a greater efficiency? Do we know what the upside of this transition is?

Prof. Mark Jaccard: Yes. There've been lots of studies on that, but unfortunately, as an economist, I would say that the net effect is a cost in terms of economic output, as we traditionally measure it, from reducing greenhouse gases. The analysis that I have been working on recently, and I think there is some independent work going on for the National Round Table on the Environment and the Economy, suggests that the costs of reducing greenhouse gases over, let's say, a 40-year timeframe might cost you about a year or so of economic growth if you put the right policies in place immediately. So they're allowing you to transition gradually. Those are studies that do look at the benefits side as well and net all of that out.

Mr. Nathan Cullen: In this analysis, I'm curious about this equation of this 40:1 ratio. Is there any factor put into that assessment that says this is the cost associated with adaptation that we won't have to pay for if we, in effect, put in good policy?

I'm looking at northern British Columbia as an example right now—pine beetle and others—imagined in forecasting costs. Is that factored in as well?

Prof. Mark Jaccard: No, we don't factor that in. This is what we call.... If I do any costing, it's a cost-effectiveness analysis, and that is: What will it cost you to achieve your environmental objective? What are the benefits of that environmental objective? We don't try to estimate that.

Mr. Nathan Cullen: I think Canadians are sometimes confused that governments time and again almost speak out of both sides of their mouths on a policy level. On one side there are great proclamations of wanting to reduce greenhouse gas emissions, but yet they invoke policies—tax incentives and others—that ensure there will be an increase in greenhouse gas emissions. When you're dealing with this assessment that you've done for C.D. Howe or others, how does the government rectify or justify that?

Prof. Mark Jaccard: This is what I said in my opening comments. We need to get to a dialogue where our political leaders are saying to Canadians, we're sorry, but if you really care about the risk of climate change and mitigating that risk and being part of an international effort to do so, we're going to have to adopt policies that affect everyone. This would be similar to saying, I'm sorry, if you really don't want us speeding through school zones anymore, we actually have to have some laws that fine people, or if they are repeat offenders, that take away their licence for a period of time. In other words, we need our political leaders to be telling Canadians that there are policies that have to be put in place and then starting to get moving with those policies.

I don't know if I've completely answered your question, but that's sort of where I think we need to be.

•(1225)

The Chair: Thank you, Mr. Cullen.

Mr. Warawa.

Mr. Mark Warawa: Thanks, Mr. Chairman.

Thank you, Dr. Jaccard, for being here with us today.

The motion that precipitated your being invited was that the committee proceed to a study of a post G8 debrief on climate change developments and Canada's position within the broader international context. Did you attend the G8 summit?

Prof. Mark Jaccard: No.

Mr. Mark Warawa: Were you privy to any of the discussions or negotiations that went on for G8?

Prof. Mark Jaccard: No.

Mr. Mark Warawa: Who invited you to be a witness?

Prof. Mark Jaccard: I was told that I would be called. I got an e-mail message from someone named Jamie MacDonald, a former student of mine.

Mr. Mark Warawa: It was John Godfrey's office, just for the record, and I guess that's why you weren't aware of the topic today.

Hon. John Godfrey: On a point of order, we just passed a motion, which was a study on a post-G8 debrief and Canada's position within the broader international context, and that includes obviously, as we've said in previous motions, how we're doing domestically in terms of our credibility. That is the connection between the two.

The Chair: Mr. Godfrey, I've indicated that we're going to have a fairly broad topic because of the difficulty of not having a chair, of the clerk not being able to call Dr. Jaccard, and so we'll just carry on. That would be to the benefit of all of us.

Mr. Mark Warawa: Thank you, Chair, and hopefully that didn't go into my time.

The point I want to make is that I really do appreciate the work Dr. Jaccard has done. I bought his book. I respect him greatly. But what happened today, Dr. Jaccard, is that you were invited by a member of the Liberal Party and not by the clerk, and there was some hanky-panky that went on. I apologize that it happened.

Prof. Mark Jaccard: I will point out that I was invited by the clerk last week and I got to sit and listen to you, but I didn't get a chance to appear. I don't know if that's relevant or not.

Some hon. members: Oh, oh!

Mr. Mark Warawa: Yes, it was quite unfortunate. There was a non-confidence motion from the Liberals on the chair, which was very disappointing.

I want to bring this to your attention, just to make sure we're quoting this right. On April 13 of this year you wrote a letter to Minister Baird based on your analysis of Bill C-288, the Liberal Kyoto plan, and you wrote: "The general conclusion of this... document is that Canadian compliance with its obligations under the Kyoto Protocol is likely to trigger a major economic recession. From what I understand of our legal options for compliance with Kyoto and my knowledge of the energy-economy system, I concur with this conclusion." You also wrote that in order to meet the targets contained in Bill C-288 an extremely high greenhouse tax or regulated greenhouse cap would be required and this would shock the economy. You also wrote: "The modelling method of estimating the cost of Kyoto compliance appears sound to me."

Is that correct? Am I quoting that correctly?

Prof. Mark Jaccard: Yes, you are.

Mr. Mark Warawa: It was interesting that Mr. McGuinty said in the House on April 20 that the report on Bill C-288 was full of misinformation, disinformation, propaganda, ridiculous assumptions, and glaring omissions.

The leader of the Bloc said on April 23 that the basic premise behind the report on the cost of Bill C-288 was biased. The leader of the NDP called your analysis of Bill C-288 bogus, irresponsible, and incomplete. That was quoted in the *Ottawa Citizen*, and it said that it deliberately deceives the Canadian people about the impact of Kyoto obligations.

I just bring that to your attention. There has been a lot of rhetoric recently, and I appreciate your encouragement that we move forward. If we're all pulling in different directions, it makes it difficult to move forward on the environment. Canada's new government is committed to moving forward.

I appreciate your work on the National Round Table on the Environment and your comments today. Thank you so much.

• (1230)

Prof. Mark Jaccard: If I could respond, my point will simply be that I appreciate your comments and I'm hoping to continue to be a voice for how we can have good policy design. I know it is difficult. Politics gets in the way. But we need to get to good policies, and so I'm trying to make sure I give a consistent message regardless of how that falls in terms of the different political interests.

The Chair: Thank you very much, Dr. Jaccard. We certainly appreciate your being here and your testimony.

I believe your time is up, and we're going to carry on, so thank you very much for appearing today.

Prof. Mark Jaccard: Thank you for having me. Goodbye.

The Chair: Goodbye.

Mr. Drexhage, you've been witness to the last half hour. We'll try to conduct it in much the same way. We'll ask for a brief presentation from you and then we'll go to members with whatever time we have left and get one round in. That should work.

Thank you very much for being here today.

Mr. John Drexhage (Director, Climate Change and Energy, International Institute for Sustainable Development): Thank you, Mr. Chairman.

I will focus my comments on how Canada's current climate change efforts and commitments fit into the evolving international global climate change regime.

I think one of the first things that struck me in looking at the summit declaration...and I would urge all members to not just look at the climate change section part. I think this is one of the big mistakes we often fall into, where we see climate change as some kind of discrete environmental issue out there. We really have to see it in the context of overall economic development and investment patterns.

I was quite struck by the title of the summit declaration, *Growth and Responsibility in the World Economy*. It's a well-chosen title. 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, at last count, still number more than two billion people. On the other hand, we are coming face to face with the fact that development has its limits, and that first through climate change, but only first, are we 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.

Successfully addressing climate change requires a serious rethinking of how we approach policy development and implementation towards more integrated, adaptive models. In that respect—and again I ask members that they take a look at the entire statement—it was disappointing to see that the G8 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 regard to evaluating the Kyoto Protocol. Its success should not be so much 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 globally.

I'm in complete agreement with Dr. Jaccard. The major achievement of Kyoto was setting an international value on carbon. The challenge that faces us for post-2012 is setting a price high enough and broad enough to seriously influence investment decisions by the private sector.

One thing I would definitely commend the authors of the G8 summit and the agreement on, and Germany for originating it, was for integrating the issues of climate change, energy efficiency, and energy security. I'm afraid to say that Canada is far from achieving such an integrated national response. We have been for the last 30 years...and I would argue that it is probably more incumbent on Canada than almost any other major G8 country. given that we continue to rely so extensively on fossil fuel exports for our economic prosperity and we continue to plan to do so over the next half of this century. Yet Canadians also want their governments to be global leaders in addressing climate change, and politicians of all stripes and jurisdictions insist on Canada becoming a global clean energy leader.

I'm not saying 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 and humbly urge the Prime Minister to convene a federal, provincial, and territorial meeting of energy ministers to launch a national dialogue on Canada's sustainable energy future that will actively engage industry and civil society. We must not allow the energy policies, misguided or otherwise, of a government of 35 years ago now to determine a lack of direction on so critical an issue today.

I certainly commend the summit declaration's focus on energy efficiency, and the same can be said on energy security. I do, however, caution that we be careful when we're trying to find complementarity between energy security and climate change.

I was, in particular, a lead author with the Intergovernmental Panel on Climate Change specifically looking at the issue of energy security and climate change, and it is clear that the literature shows that while there may be some similarities and some aligned interest between the two issues, this is far from assured. For example, energy security issues in the U.S. vis-à-vis not relying on Middle East oil are not only working to increase investments in renewables; they are also, of course, working to increase reliance on non-conventional fossil fuel sources, such as the oil sands and gasified coal.

•(1235)

Now to the issue that probably is foremost in everyone's mind, and that's the issue of the long-term targets identified in the G8 summit declaration 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 to the economy of such measures?

There is growing pressure originating in Europe, but building around the globe, that anything greater than a 2° centigrade change from pre-industrial levels would represent dangerous anthropogenic interference with the global climate system. This would require global emissions levelling off within the next 15 years and 50% reductions in global emissions by 2050.

In that respect, the long-term global target supported by Canada is 50% 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 to much of the outside world, particularly in the EU, that in order to reach a 50% global reduction, developed

countries, including Canada, would need to reduce their emissions at a much higher level than 50% by 2050. Many estimate a level as high as 80% to 90% 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 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. And setting a value on carbon is the first mechanism to make that happen.

Secondly, at that rate of reduction, 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 for 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, that were the original champions of emissions trading. Hopefully we will soon see them come fully aboard again. Let's not forget 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.

During my travels over the last few years to Europe, Asia, and Africa, I heard a couple of common messages regarding climate change in Canada. On the negative side, there was a growing concern with Canada's credibility gap. We talk the talk, but we have a very difficult time walking the walk. However, on the opportunities side, there is also a keen awareness that Canada is not too dissimilar from 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 the link between greenhouse gas emissions and economic growth. If Canada, with its relatively mature economic and social support networks in place, can't pull it off, how in heaven's name can we expect China or India to deliver?

Mr. Chairman, I have a final comment on the overall tone of the post-Kyoto negotiations. On the one hand, I am heartened by the joint statement of the G8+5, and in particular its recognition of the seriousness and urgency of the issue, and I'm 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. Still, we are a long way off from any sort of rapprochement. Major developing countries are still resistant to any reduction commitments, and small wonder if you look at it from their perspective. I remind the members that 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 we're showing tremendous leadership.

• (1240)

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 that of the framework convention of 1992 or even the protocol of 1997. So while we still have prevalent poverty in countries like China and India, there is no doubt they are also becoming our major economic competitors, and how we address that situation is going to be extremely critical.

I have one last thought on the dynamics of this particular G8 summit. One of the more striking things was the fact that those leaders among 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, hailed from conservative parties. In the U.K. the Conservative opposition leader is, if anything, more proactive on climate change than his Labour counterpart. 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.

I think 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 frankly, I think it is high time in this country that we took to heart some lessons from that policy maturation experience.

Thank you, Mr. Chairman.

The Chair: Thank you, Mr. Drexhage, for your advice.

We are now down to five minutes and we'll go around as quickly as we can. At the end of the meeting I would like to get direction from members as to our meeting on Thursday, so perhaps you could keep that in mind for the end of our meeting. I understand Mr. Drexhage's time is limited as well, so as I say, we'll just go with five minutes.

I believe we're starting with Mr. Scarpaleggia and Mr. Rota.

Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.): Thank you, Mr. Chair.

We've heard a lot of talk since the new government—now not-so-new government—came into office. We've heard talk about liaising with the Americans and the Australians to talk about climate change, the implication being that the Kyoto process was not appropriate for Canada. Then we heard about strategies revolving around the G8 and the G8+5, again implying that Kyoto was somehow being sidelined.

What I'm sincerely trying to understand is this. How do we link up all these initiatives with the Kyoto process, and what is the role of the COP 11 in Montreal in 2005? I can't remember the number of the Conference of the Parties, but how do we link up what's been going on and what will be going on in Bali with what went on in December 2005 in Montreal?

I'd really like to understand how it all comes together.

Mr. John Drexhage: What the Montreal meetings managed to do was to keep alive a fully engaged discussion around post-2012 that engaged all parties, and I think that was its very important accomplishment. Now, the parties, particularly the United States, didn't agree that those kinds of discussions would actually represent a set of negotiations that would explicitly address what parties should do after 2012, but at least it kept the issue on the table. The last such informal dialogue is going to be taking place in Vienna at the end of August, and thereafter there has to be a decision made in Bali for actually launching a process for negotiations that would eventually...and the hope is that by 2009, when Denmark hosts it, there would actually be a regime put in place that would set out exactly what a party's reduction commitment should be.

I think the initiative in the United States now of 15 countries coming together, and the 15 major emitters, should not be seen necessarily as a negative thing. I think that in the summit declaration itself there is an explicit recognition that that summit that the U.S. will be holding will be directly fed into the Bali discussions.

The Bali discussions themselves will simply be like what happened at the Berlin Mandate in 1995. The Berlin Mandate set the terms for what the negotiations for commitments would be by parties, starting in 2008. This Bali declaration would again start that process.

So in other words, I don't see anything of a hugely substantive nature being reached at Bali. It will be what we call "deep process". It will launch a process for eventual agreement on a commitments regime post-2012.

• (1245)

Mr. Francis Scarpaleggia: Thank you.

The Chair: Mr. Rota, you have about two minutes.

Mr. Anthony Rota (Nipissing—Timiskaming, Lib.): Thank you, Mr. Chair. I'll try to package everything into one question, and then I'll let you go.

I understand that your definition of the G8 declaration was "disappointing at best". Now, when we look at Canada's position going into these negotiations regarding climate change and we look at the G8+5, how do you differentiate what they went in with, what was negotiated, and what they ended up with?

Mr. John Drexhage: Well, I think the overall objective of all the major parties in the G8 was to keep the U.S. in the tent. That was the overriding objective. Although it came at a bit of a price, particularly for those who wanted to have some specific targets set by the mid-century, at least that ultimate objective of keeping the U.S. in the tent and also the U.S. talking about the consideration of reduction targets needs to be appreciated for the accomplishment it is.

The one thing, for example, that I would really take, not necessarily exception to, but clarification with is Dr. Jaccard's comment about how he's seen these kinds of statements before. We've never seen these kinds of statements before from the Bush administration. We saw them before from the Clinton administration when they were part of the G8 process, but not from the Bush administration. Even though the Bush administration did not give a specific commitment to a numbered target for 2050, the fact that it did talk about actually participating in a regime where such a target would be the subject of negotiation did meet the minimum requirements that I think most people were hoping to get out of it.

The Chair: Thank you.

Mr. Bigras.

[Translation]

Mr. Bernard Bigras: Mr. Chair, I would like to ask one last question.

You do not seem to be so pessimistic about the negotiations at the G8. In fact, some analysts have said that there were three great achievements. First, the United States, although it has not agreed to set clear targets for 2050, committed itself to the fight against greenhouse gases in the final communiqué. Second, if I am not mistaken, the United States has also subscribed to the principle that negotiations be wrapped up at the beginning of 2009. Third, as you have indicated, even the United States supports the European and Japanese proposal to establish a framework for a carbon market. Everything is not doom and gloom, I have to say.

But there is a fundamental problem: the Americans have refused to buy into the idea of stabilizing our emissions at a level that would allow us to achieve the two degrees that are crucial for real progress in the fight against greenhouse gas emissions.

Did the G8 negotiations focus too much on secondary issues, whereas the basic problem is to stabilize our emissions and to make those two degrees a key concern? In Bali, how can we come to an agreement on this sensible European proposal that could be used as the basis for an international plan for combating climate change?

• (1250)

[English]

Mr. John Drexhage: There is no doubt that the discussion will continue to centre around a long-term target of the kind you were just describing, Monsieur Bigras. I do very much welcome the initiative, certainly in the sense of having a longer-term perspective on what it is we're setting out to achieve. I think one of the real problems with Kyoto was that we didn't do that. We just set some targets; we didn't say what the heck for.

At the same time, we really do have to do a lot of very strong and careful analysis about the whole two-degree issue. This calls for a

huge global effort that has to begin immediately, so I can understand why you give this the urgency and immediacy that you do. I would hope that we first get them into the tent to begin discussing that. But I would doubt very much, whether or not I would prefer it, that in fact you could get countries to agree to that two-degree marker for Bali. Hopefully it will be something that can come out thereafter.

The Chair: Thank you.

Mr. Cullen.

Mr. Nathan Cullen: Thank you, Chair.

Thank you, Mr. Drexhage, for being here again.

I have a couple of questions. I want to follow along this line of the nature of Canada's economy and how well it compares to many of the developing world's economies. I think this is something that Canadians might have a hard time with. If you assess Canada on health care status, education levels, those types of things, we are firmly placed within the OECD. But it seems to me when you track down into where we derive much of our economic benefit, we still are hewers of wood and haulers of water.

Can you explain a little further this break? If Canada can prove that we can break between growth and economy and growth and greenhouse gas emissions, then that test or that proof will be given over to the Chinas and Indias of the world. How important is this in this talk about post-2012?

Mr. John Drexhage: My personal view is that it's absolutely critical, because in many respects, even though they're in the form of embodied energy, the growth of China's economy is very, very materially based. It comes from the massive use of natural resources. Again, they are more concerned about the production curve than anything else and they are becoming more and more cognizant of the significant savings, both to the economy and to the environment, on issues such as energy efficiency.

Again, this is an area, I think, where we have to show an awful lot of leadership and where we are, frankly, just lacking. When it comes to North America, I'm afraid to say that from an energy efficiency perspective we're pariahs when compared to the rest of the world. We have to show a lot more example in that regard.

So it means, for example, that China is not the kind of country that's going to be the first out of the gate, to say they'll be the first ones to try something like carbon capture and storage. They're going to want to see that it can be used and developed and implemented in North America, in Canada, or in other constituencies before they're very enthusiastic about taking it on themselves. They want to see that it will work and that it will have returns for them.

It's the same thing with technology. We're going to have to have some very difficult discussions with them about the terms of technology transfer and bringing them on board in that respect.

Mr. Nathan Cullen: You talked about the need for an international value for carbon. This is much of the conversation. Our government claims to have established a value for carbon in Canada through its current iteration of a plan. Is that job not done? You also said later on that we need to have a solid value for carbon in this country. Do we have one?

Mr. John Drexhage: We have the beginnings of one, but as Dr. Jaccard pointed out before, it's only for a certain sector, the large final emitters. You have a small surcharge being put on by the Quebec government that may be having some implications at the consumer level, but for the most part, we're not getting out that signal throughout Canadian society yet.

• (1255)

Mr. Nathan Cullen: How much risk is there if we only value carbon in some parts of the economy and not others?

Mr. John Drexhage: I think considerable. I think we've always underestimated the contribution of Canadian society to greenhouse gas emissions. I think there is a lot of political sensitivity that has made it difficult, but I don't think there's any doubt.

Just look at oil sands development. On one hand, people put that as an isolated issue, but what is it being produced for? Well, 98% of it goes to road vehicle transportation in both Canada and the United States. What drives road vehicle transportation in Canada and the United States? I would submit, from an energy efficiency or climate change perspective, it's the rather disastrous policies on urban planning.

Mr. Nathan Cullen: My last question is on this notion of targets and global targets. I was quite frustrated with the elegant words of our sherpa, and I suppose that's his job, to paint things in a certain light. This 50% commitment by 2050 that Canada has bought into, supposedly, how is that interpreted by the global community and developing countries in Europe in particular, in terms of the implications for a country like Canada? Is that simply doing 50% by 2050 of some strange 2006 baseline? What does it mean?

Mr. John Drexhage: It depends on who you talk to. The G77 and China, as well as the EU, would suggest that a 50% global emissions reduction means 80% to 90% on the part of developed countries. I'm not sure that's the position of what is commonly referred to as the "umbrella group alliance of countries", the U.S., Canada, Australia, New Zealand, and others, but for the most part, out of some 170 countries, about 150 would assume that 50% global emissions would eventually mean something in the area of 80% to 90% for OECD countries.

It's a huge challenge; there's no question about it.

The Chair: Mr. Cullen, your time is up.

Mr. Allen.

Mr. Mike Allen (Tobique—Mactaquac, CPC): Thank you, Mr. Chair.

Thank you, Mr. Drexhage, for your comments.

There are a couple of areas I'd like to question on, carrying on the carbon price issue. You indicated the carbon price had to be high enough and broad enough in the future. Dr. Jaccard's comments on Bill C-288 were about the extremely high GHG tax and what the

impact of that would be in the short term. So what I'm wondering is, from your perspective, what does "high enough" mean? It doesn't seem reasonable to do it between now and 2012, as Mr. Jaccard has said, without bringing the economy down. What is the right "high enough" from 2012 and beyond?

Mr. John Drexhage: I would suggest that the first signal that needs to be there is that we'll be talking about an escalating regime. So you could start at a relatively moderate rate, let's say even \$20 or \$25. I think \$15, frankly, by 2012, will already be too low. But it could be at around \$20 and ratcheted up, with fairly clear signals as to the extent to which you're going to be ratcheting it up over the next decade or two. The Intergovernmental Panel on Climate Change estimates that carbon capture and storage will start becoming a feasible option, from a price signal perspective, if you start going above \$30 to \$35. For me, that's the bellwether mark, getting it to \$30 to \$35, and then incrementally raising it thereafter.

Mr. Mike Allen: Next, you talked about, on a national scale, bringing together the energy ministers and about the east-west energy grid. Mr. Jaccard made comments at our natural resources committee a few weeks ago that he's not necessarily sold on the idea of an east-west energy grid. But given that energy is a provincial jurisdiction, and you said we can't shy away from what happened many years ago, what form would you see that taking, given the fact that I doubt Quebec is going to give up its jurisdiction on certain issues on energy production? How would you see a national east-west energy grid working?

Mr. John Drexhage: First of all, as far as the national energy dialogue is concerned, there's a group out there called the Energy Dialogue Group that I'm aware of. It includes all the associations for energy groups, from the Canadian Wind Energy Association to the Canadian Association of Petroleum Producers, and they're all calling for a similar kind of initiative on the part of the Government of Canada. We truly do need a national energy dialogue. We have, from the Prime Minister on down, everybody talking about Canada becoming a clean energy leader. Well, what are the implications of that? And what is it we can do, and how can we cooperate together to do so? How, for example, in the North American context, can we cooperate with the United States to ensure that in fact we're able to be a clean energy exporter, whether in the form of carbon capture and storage for our oil sands or whether in the form of hydro or other means? Let's have a mature discussion about this.

I'll be blunt. I was always involved before, for quite a while, with the Government of Canada and with the climate change issue itself, and I've become more and more conversant with the energy issues. I have to say—and this is by no means unique to Canada—that it's a remarkably parochial industry, and that's one of the really unfortunate hurdles. One of the side effects and impacts, unfortunately, of the Kyoto Protocol is that because there isn't an effective international regime or forum for discussing these critical energy issues and how to have sustainable clean energy access for all the world's peoples, Kyoto almost became, by proxy, an energy agreement. I think we want to try to avoid that kind of thing in the future so that at least there will be the same kind of input coming in from the energy side.

As far as a clean east-west energy grid, I'm not suggesting that there necessarily be huge government coffers or a purse opening wide for it. What I am suggesting, and I would suggest it, as well, for carbon capture and storage, is that rather than directing subsidization—and I certainly understand Dr. Jaccard's reluctance on those issues—at least give some kind of fiscal signal. For example, expand the definition of exemptions under the Income Tax Act under which environmental goods could actually be exempted from some charges and tariffs, thereby interesting the trust funds of this world—the Ontario Teachers' Pension Plan, the other pension plans, and so on—in making those sorts of investments. I think that, more than any sort of government largesse, is what will make the final difference.

• (1300)

The Chair: Thank you, Mr. Allen. Thank you, members.

Thank you, John, for being here. We appreciated your input.

Members, I talked to Mr. Cullen briefly, and he's suggesting that possibly we look at smog, which was scheduled for today.

Mr. Godfrey, do you have a comment?

Hon. John Godfrey: I'm overwhelmed with the idea of talking about garbage. That's the one that gets me. I don't know about you.

The Chair: I'm not interested at all.

Mr. Mark Warawa: Whatever the committee decides is fine, garbage or smog, whatever.

The Chair: Am I getting the feeling, then, that garbage has all of a sudden moved to the top of the agenda?

Hon. John Godfrey: Absolutely.

The Chair: That's wonderful. Do you want a speech now or later?

An hon. member: Hold it until Thursday.

The Chair: I should tell members that we didn't have lunch because we didn't have a chairman. That was the reason.

We'll ask the clerk to set that up and you'll be advised.

Thank you. The meeting is adjourned.

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