



## ENVI: C-12 Recommendations

### Introduction

On behalf of Fertilizer Canada, we are pleased to have the opportunity to provide the Standing Committee on Environment and Sustainable Development with recommendations to improve Bill C-12, *An Act respecting transparency and accountability in Canada's efforts to achieve net-zero greenhouse gas emissions by the year 2050*.

Fertilizer Canada represents Canadian manufacturers, wholesalers, and distributors of nitrogen, phosphate, sulphur, and potash fertilizers. Our industry is the backbone of Canadian agriculture and is also responsible for 50 per cent of global food production. Our industry spans the supply chains of petrochemical manufacturing, mining, transportation, and agri-retail. In addition, we contribute approximately \$24 billion annually to Canada's economic activity.

By 2050, according to statistics by the United Nations, the global population is projected to reach 9.7 billion. As such, food production must increase by 70 per cent in order to feed this growing demand. Efficient fertilizer use is the solution, and without our product we will not be able to sustain the world's population. While Canada's fertilizer industry is well positioned to face the sustainability challenges of today and the future, we must always be vigilant in protecting the competitiveness of Canadian industry.

### Recommendation Summary

Upon review of Bill C-12, we believe the following three recommendations would significantly improve the transparency and accountability of the legislation and help Canadian industry grow:

- 1) Fertilizer Canada recommends that Bill C-12 be amended to require at least 2 seats on the Minister's Advisory Council be allocated to representatives from energy-intensive, trade exposed industries, given their role in meeting Canada's net-zero targets and the likelihood that they will be particularly impacted.
- 2) Fertilizer Canada recommends that Bill C-12 be amended to require that the progress reports tabled by the Minister of Environment and Climate Change include a section on the domestic and global competitiveness of Canadian industries, for example amongst G20 countries, and how it has been impacted by the government's climate policies.
- 3) Fertilizer Canada recommends that Bill C-12 be amended to require that in sections that pertain to competitiveness the Minister of Environment and Climate Change be required to conduct sectoral industry benchmarking against G20 countries to provide finite metrics and ensure the economy and environment go hand-in-hand.

## Discussion

- 1) **Problem: Ensuring adequate and meaningful avenues of participation and representation for industries that are particularly impacted by climate change policies, and who represent billions in economic activity and hundreds of thousands of jobs.**

Environmental sustainability is a key objective for our industry, yet it is also clear that we need to remain competitive. For example, while Canadian potash is already the most environmentally sustainable potash in the world, generating up to 50% fewer greenhouse gas emissions than potash generated elsewhere, new climate change policies are not always globally adopted. In recent years international competitors in Russia, Belarus, and China have increasingly displaced Canadian exports. As an energy-intensive, trade-exposed industry, we are vulnerable to carbon leakage and investment moving abroad due to inefficient regulatory burden.

The government has explicitly stated that decreasing the risk of carbon leakage is a priority, and addressing it is a core component of the Output-Based Pricing System (OBPS). If Bill C-12 aims to provide transparency and accurate reporting of our progress to meeting a net-zero future, the voices of industry must be represented, as these are who contributes to emission reductions. As part of Bill C-12, the Minister of Environment and Climate Change will be advised on meeting net-zero targets by an Advisory Council. The makeup of this council is entirely up to the discretion of the Minister and there are no requirements for equal participation between stakeholder groups. It is increasingly important that industries that are reducing their emissions have a seat at the table to ensure that the recommended paths and targets are realistic and achievable.

**Recommendation:** *Fertilizer Canada recommends that Bill C-12 be amended to require at least 2 seats on the Minister's Advisory Council be allocated to representatives from energy-intensive, trade exposed industries, given their role in meeting Canada's net-zero targets and the likelihood that they will be particularly impacted.*

- 2) **Problem: The Government of Canada has acknowledged that the domestic competitiveness of industry is a concern and that they want to mitigate these impacts throughout climate policy. However, while this legislation provides transparency on the progress of climate policies, it does not adequately show whether or not these policies are changing Canadian competitiveness. There is also no public definitive government and industry endorsed benchmarks or metrics that can facilitate science-based policy and dialogue between government and industry.**

As previously discussed, industry is a key stakeholder in the net-zero by 2050 discussion. We believe that in order to further these conversations we must have a consistent set of data, from which stakeholders can develop evidence-based policy recommendations. This gap in public information means that government and industry may seek to solve the same problems but start at different points along the path, which can slow progress. Benchmarking our competitiveness against other groups, like G20 countries, ensures that we can have a fulsome conversation and make policy that adequately address environmental concerns while protecting Canada's competitiveness in a global market.

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