



## CANADA MUST PICK A CARBON PRICING POLICY BY 2015

A logical conclusion of the Fifth IPCC Report

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On November 1, 2014 the Intergovernmental Panel on Climate Change (IPCC) summarized the findings of the IPCC Fifth Assessment Reports (AR5) into a synthesis report for policymakers<sup>i</sup>. *“The scientific case for prioritizing action on climate change is clearer than ever,”* R. K. Pachauri, Chair of the IPCC said. *“We have little time before the window of opportunity to stay within 2°C of warming closes. To keep a good chance of staying below 2°C, and at manageable costs, our emissions should drop by 40 to 70 percent globally between 2010 and 2050, falling to zero or below by 2100. We have that opportunity, and the choice is in our hands.”* <sup>ii</sup>

### Highlights of the summary include:

- “Warming of the climate system is unequivocal, and since the 1950s, many of the observed changes are unprecedented over decades to millennia. The atmosphere and ocean have warmed, the amounts of snow and ice have diminished, and sea level has risen.”
- “Anthropogenic greenhouse gas emissions have increased since the pre-industrial era, driven largely by economic and population growth, and are now higher than ever. This has led to atmospheric concentrations of carbon dioxide, methane and nitrous oxide that are unprecedented in **at least the last 800,000 years**. Their effects, together with those of other anthropogenic drivers, have been detected throughout the climate system and are **extremely likely** to have been the dominant cause of the observed warming since the mid-20th century.”
- “**Continued emission of greenhouse gases** will cause further warming and long-lasting changes in all components of the climate system, increasing the likelihood of severe, pervasive and **irreversible impacts for people and ecosystems**. Limiting climate change would require substantial and sustained reductions in greenhouse gas emissions which, together with adaptation, can limit climate change risks.”
- “Climate change will amplify existing risks and create new risks for natural and human systems. Risks are **unevenly distributed** and are generally greater for **disadvantaged people and communities** in countries at all levels of development.”
- “The **risks of abrupt or irreversible changes** increase as the magnitude of the warming increases.”
- “**Without additional mitigation** efforts beyond those in place today, and even with adaptation, warming by the end of the 21st century will lead to high to **very high risk** of severe, widespread, and irreversible impacts globally (high confidence).”

### THE CHOICE IS IN OUR HANDS

*“The scientific case for prioritizing action on climate change is clearer than ever,”* R. K. Pachauri, Chair of the IPCC said. *“We have little time before the window of opportunity to stay within 2°C of warming closes. To keep a good chance of staying below 2°C, and at manageable costs, our emissions should drop by 40 to 70 percent globally between 2010 and 2050, falling to zero or below by 2100. We have that opportunity, and the choice is in our hands.”* <sup>iii</sup>

## Acting on climate change NOW - worth it

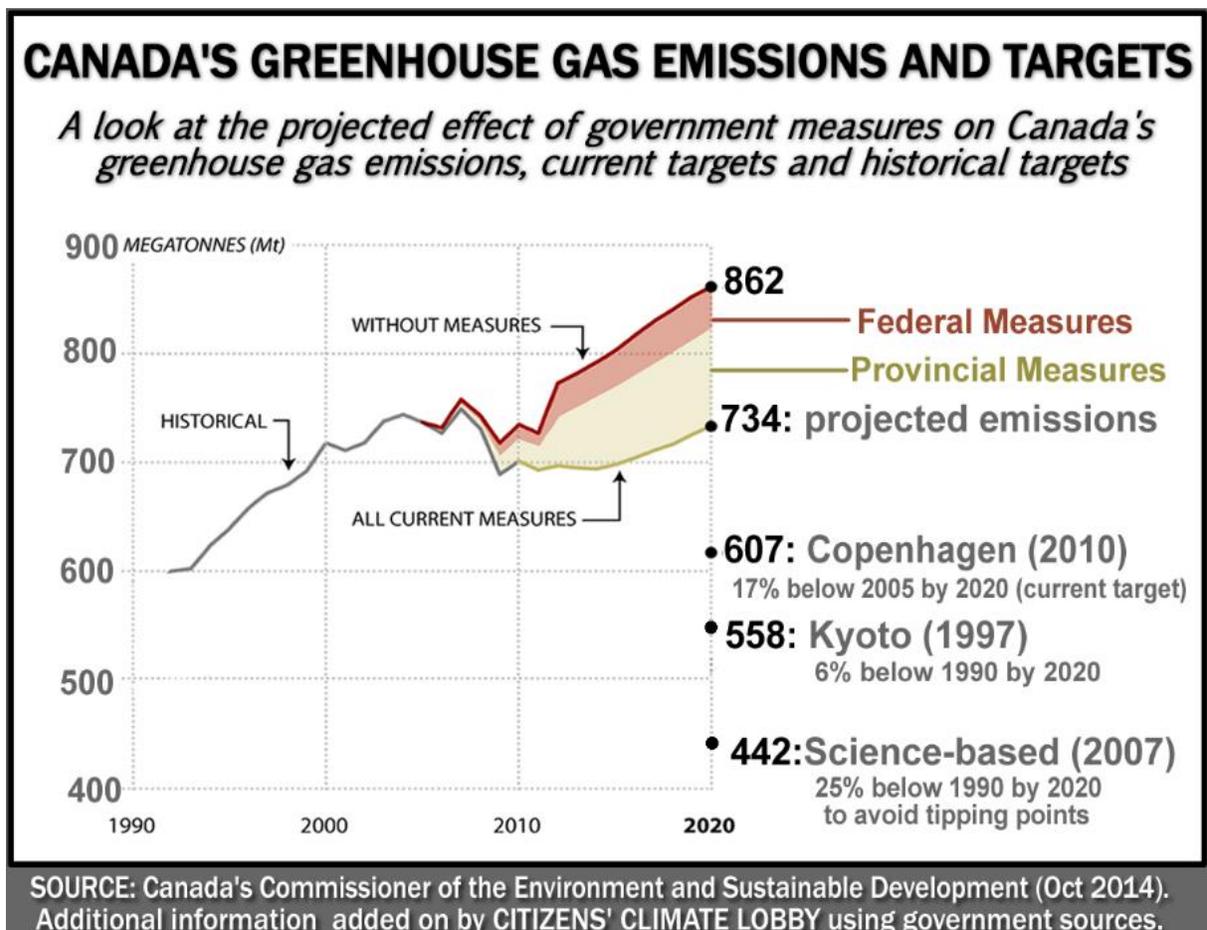
Earlier IPCC reports from this year found that keeping warming below 2°C would result in an estimated **0.06%** annual reduction in consumption growth. Thus, instead of global consumption growing by **2.3%** a year (median estimate), growth would instead be **2.24 %** a year.<sup>iii</sup> These economic estimates of mitigation costs do not account for the benefits of reduced climate change, nor do they account for the numerous co-benefits associated with human health, livelihoods, and development.

In stark contrast, **The Stern Review** (2006) found climate change impacts if left unchecked could **reduce global GDP** by at least **5% per year**, and possibly as much as **20% per year**<sup>iv</sup>. At the World Economic Forum in Davos, Switzerland in January 2013, Lord Stern proclaimed that climate change was **“far far worse”** than in the 2006 report<sup>v</sup>.

## Canada's lackluster commitment to reducing GHG's

Canada signed the **Kyoto Protocol**<sup>vi</sup> in **1997** and committed that by 2020 that our greenhouse gas (GHG) emissions would be 558 megatonnes carbon dioxide equivalents (558 Mt CO<sub>2</sub> eq), which is 6% below our 1990 emissions. In 2010, Canada and the USA signed the weak and non-binding **Copenhagen Accord** to reduce greenhouse gas emissions<sup>vii</sup> to 607 Mt CO<sub>2</sub> eq. In 2011 Canada formally withdrew from the Kyoto Protocol.

On **October 7, 2014**, Canada's Environment Commissioner, **Julie Gelfand**, expressed her disappointment that it is unlikely that Canada will meet even our weak commitments in the **Copenhagen Accord** and that we are only 7% of the way to achieving that goal<sup>viii</sup>. In her report she stated, *“Overall, we found that the federal government has not provided sufficiently focused coordination to meet its commitment of achieving the national 2020 emission reduction target jointly with the provinces and territories.”*



## GHG regulation in the oil and gas sector?

The Harper government has not delivered on a 2008 promise of regulation of GHG emissions in the oil and gas sector. Do Canadians, **especially right-wing Canadians**, really want to use regulatory policies to mitigate GHG emissions in the oil and gas sector? **Regulation is a non-market based solution.** Jonathan Kay, a well-known right wing commentator recently said, *"The people I work with at the National Post — because there are some colleagues I have who are what you may call 'climate change deniers' — generally the one universal aspect is that they tend to be right-wing in their thinking, they see market-based solutions as the solution to enriching our society in every respect and it bothers them, the idea that here's this problem that cannot be solved with unfettered industrial activity."*<sup>ix</sup>

## Carbon pricing around the world – World Bank

Spurring innovation and clean energy use by pricing carbon – about 40 national and over 20 sub-national jurisdictions have already implemented or scheduled emissions trading schemes or carbon taxes<sup>x, xi, xii</sup>. Together, these jurisdictions account for more than 22 percent of global emissions. As well, 73 national governments, 11 regional governments and more than 1,000 businesses and investors **support clean energy** through pricing carbon pollution. In total, these leaders represent **52 %** of global GDP, **54 %** of global greenhouse gas emissions and almost **half the world's population**<sup>xiii</sup>. Canada, at the federal level, is currently not part of this global majority that has embraced carbon pricing.

## Which carbon-pricing policy is best for Canada?

The Harper Government has often stated that we need to synchronize our climate and energy policies with the USA. Regulation of the oil and gas sector is the current stated policy of the Harper Government – yet regulations have not been forthcoming and nor is it a market-based policy one would expect from a right-wing political party. **Cap and trade** is a market based carbon pricing mechanism repeatedly rejected by the American people and the US Congress, most recently in 2010. Thus, a **federal** policy of **cap and trade** synchronized with the USA is **highly unlikely**.

**There is a simpler market-based approach:** implementing a steadily-rising fee on carbon-based fuels that returns revenue to households. This type of carbon pricing is called **carbon fee and dividend**. By including border tariffs on goods from nations that lack an equivalent price on carbon, we provide a strong economic incentive for other nations to follow that lead –including our biggest trading partner – the USA.

## Economic evidence that carbon taxes grow GDP and decrease GHG's

- In June 2014, **Regional Economic Models, Inc.**, examined a tax on the carbon-dioxide content of fossil fuels in the USA. The tax would start at \$10 per ton, increasing at \$10 per ton each year. Revenue from the tax would be returned to households in equal shares as direct payments. Under this approach, the REMI study found that recycling the revenue back into the economy would add **2.1 million jobs** over ten years. Improvements in air quality would save **13,000 lives a year**. Greenhouse gas emissions would decline by **33%**.<sup>xiv</sup>

## RIGHT WING THINKERS NEED TO BE REASSURED

Jonathan Kay, the National Post's former comments page editor, now the editor and chief at The Walrus and someone who is generally considered a right-of-centre commentator in his own right, said on the eve of the United Nations Climate Summit in September 2014, *"The people I work with at the National Post — because there are some colleagues I have who are what you may call 'climate change deniers' — generally the one universal aspect is that they tend to be right-wing in their thinking, they see market-based solutions as the solution to enriching our society in every respect and it bothers them, the idea that here's this problem that cannot be solved with unfettered industrial activity."*

- In July 2014, the **International Monetary Fund (IMF)**, released a report calling on Canada to raise carbon taxes and cut income taxes. The IMF study determined that a carbon tax internalizing the real cost of fossil fuels (pricing-in pollution, etc) will **increase Canada's gross domestic product by 1.4%, reduce carbon emissions by 15% and diminish deaths from air pollution by 25%.**<sup>xv</sup>
- Canada has a domestic success story with regards to carbon taxes too. A Canadian study using Statistics Canada data found that after five years that British Columbia's (BC) carbon tax has been successful in reducing greenhouse gas emissions, growing the BC economy and reducing personal income tax for British Columbians.<sup>xvi</sup>
- Carbon pricing was highlighted in the **IPCC Fifth Assessment Reports report for policymakers**! "In principle, mechanisms that set a **carbon price**, including **cap and trade** systems and carbon taxes, can achieve mitigation in a cost-effective way, but have been implemented with diverse effects due in part to national circumstances as well as policy design. The short-run effects of cap and trade systems have been limited as a result of loose caps or caps that have not proved to be constraining (limited evidence, medium agreement). In some countries, **tax-based policies specifically** aimed at reducing GHG emissions – alongside technology and other policies – have helped to weaken the link between GHG emissions and GDP (**high confidence**). In addition, in a large group of countries, fuel taxes (although not necessarily designed for the purpose of mitigation) have had effects that are akin to sectoral carbon taxes."

## Canadians must pick a carbon pricing mechanism by 2015

Clearly Canada is not doing our part to cut GHG emissions – despite the abundant evidence that cutting GHG emissions far outweighs the costs of inaction. Supposedly, sometime in 2015, Canadians will choose which political party they want to lead us away from climate catastrophe and towards the low carbon economy the next generation expects from us. As well, in late 2015, world leaders will meet in Paris to create an international agreement that will preserve the global climate. Canada can again be an environmental leader on the global stage if we go to Paris in 2015 with a national carbon pricing mechanism in hand.

The grassroots are helping to create the political will for a liveable world. Volunteers from across Canada will be in Ottawa November 22-24, on their own dime and time, at Citizens' Climate Lobby's second annual Canadian conference titled: [Carbon Fee Prosperity](#). Experts will share with us economic solutions for solving the climate crisis. Then we will be lobbying Canada's policy makers – parliamentarians – for carbon fee and dividend.

We truly appreciate the mainstream media's attention on the climate crisis and the genuine solutions to this global crisis. At this time of massive change, we need you now more than ever.

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## ABOUT CITIZENS' CLIMATE LOBBY

[Citizens' Climate Lobby \(CCL\)](#) is a growing organization of local volunteer groups in Canada and the U.S. that are pressing for progressive climate legislation. An initiative that began in the U.S. in 2007, CCL takes the view that politicians generally do not create political will; they respond to it. CCL uses a model for citizens to create political will that has proven to be successful in Canada and the U.S. by the organization **RESULTS** - which has the mandate to reduce poverty. CCL was founded in Canada in September 2010 in Sudbury, ON. We work closely together synergizing our efforts for carbon fee and dividend in Canada and the USA.

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