

British Columbia Greenhouse Gas Forum

Report to the British Columbia Ministers of Environment, Lands and Parks and the Minister of Employment and Investment on the Elements of the Kyoto International Climate Change Protocol

September 3, 1997

The purpose of this document is to inform the British Columbia Ministers of Environment, Lands and Parks and Employment and Investment of the views of the British Columbia Greenhouse Gas Forum in preparation for federal-provincial discussions on current international negotiations towards a climate change treaty. This report was adopted by the Forum on September 3, 1997. As new information is continually becoming available and international positions are continually evolving, this report should be regarded as a snapshot in time given present information and positions.

Background

The climate change issue poses an extremely difficult challenge, one that requires balancing significant environmental, social and economic risks in a global context. The international policy context was established through the 1992 Framework Convention on Climate Change in which over 150 countries have agreed that there is the threat of irreversible environmental damage from climate change, and have agreed to work *"to achieve ... stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system."*(1)

Environmental risks

· **Potentially serious changes identified**

According to the Intergovernmental Panel on Climate Change (IPCC), the global average temperature is expected to rise by 1-3.5°C by 2100, with an associated increase in sea level of 15-95 cm. Nevertheless, significant uncertainties remain about the nature, extent, timing, reversibility, and distribution of the potential impacts of climate change.

Potentially serious changes that have been identified include extreme weather events such as floods and droughts, with resultant consequences for fires, pest outbreaks, and ecosystem composition, structure, and functioning and productivity.

- Immediate 60% reductions to hold current levels

There is not yet agreement on a target atmospheric concentration of greenhouse gases, or on the level and timing of reductions in global emission rates which might be required to achieve that target. The IPCC has estimated that stabilizing atmospheric concentrations of key gases at current levels would require immediate reductions in human-caused emissions of over 60 percent.

Economic and social challenges

- Economic and population growth

Greenhouse gas emissions are primarily the result of fossil fuel use, and are closely linked to economic and demographic activity. Decoupling emissions from economic and population growth represents a significant challenge for all countries.

- Significant adjustments required

Greenhouse gas emissions in Canada and BC are growing more rapidly than in most other jurisdictions. For Canada to meet post-2000 emission targets would require significant adjustments to the Canadian and BC economies, adjustments that would see major shifts away from fossil fuel-intensive and fossil fuel-producing activities.

- Economic and social impacts are uncertain

The economic and social impacts of meeting emission reduction targets are uncertain and difficult to determine. Some analyses suggest that there would be significant costs to the Canadian economy; others suggest that the required economic and social adjustments could be more easily achieved.

- Regional and sectoral variation

The impacts of meeting reduction targets will depend critically on the choice of policy measures and on the actions of other countries. Nevertheless, different regions and sectors in Canada will clearly be affected very differently.

Managing Risks

- A first step, preserving future options

The Forum agrees with the view of the IPCC that *"climate change demands a decision process that is sequential and can incorporate new information."*(2) The challenge for

decision-makers in managing the environmental and economic risks of climate change is not to solve the entire problem, but to agree on a first step that preserves environmental, economic and social options for the future.

- Cut now or later?

The choice of whether to delay emission reductions or reduce them immediately is complex. Higher emissions in the short term will necessitate deeper emission cuts in the future to reach a given target concentration. The IPCC notes that delaying action may reduce the overall costs of mitigation because of potential technological advances, but could increase both the rate and eventual magnitude of climate change and hence adaptation and mitigation costs.

- The Kyoto agreement

The current international negotiations under the Framework Convention on Climate Change are focused on that first step, and are expected to lead to agreement on a legally-binding protocol that would set limits on greenhouse gas emissions from industrialized countries in the post-2000 period. The treaty is expected to be signed in December 1997 at Kyoto, Japan.

The Forum's Views

- A range of views

Within the Forum, and in the wider community, there is a wide variation in views on:

- the appropriate target and timetable for reductions; and
- how difficult it would be for Canada and BC to make these adjustments; and
- whether or not these adjustments could also provide economic, social and environmental benefits.

- Protocol elements

The Forum's views on the key elements of the Kyoto Protocol are set out in the sections that follow, on:

1. Emission targets and timetables - How much will emissions have to be reduced and by when?
2. Differentiation - Will all industrialized countries face the same commitments?
3. Emission trading and joint implementation - Will countries be able to look outside their borders for cost-effective emission reductions?
4. Emissions budgets, banking and borrowing - Will countries have flexibility in determining when reductions will be made?
5. Legally binding and compliance - Will the treaty be legally binding and how will its provisions be enforced?

6. Coverage - Which greenhouse gases and sources will be covered? Will actions to store gases count towards commitments?
7. Common policies and measures - Will the treaty require all countries to implement certain common measures?
8. Developing country commitments - When and how will developing countries take on emission reduction commitments?

In the Forum's view, the first three elements have the most importance to Canada.

Regardless of the outcome of the current negotiations, in the Forum's view Canadian decision-makers need to ensure that there are mechanisms in place, both domestically and internationally, to make decisions fairly and to proactively manage the environmental and economic risks of climate change. The last section of the report (9. Decision-Making Within Canada on Climate Change) looks beyond Kyoto to consider how Canada will make decisions about ratification and implementation.

1. Emission Reduction Targets and Timetables

Description

Emission reduction targets and timetables are the commitments of industrialized countries to limit their greenhouse gas emissions to specific levels by specific dates.

Positions of key countries/blocs

United States: supports medium term targets (unofficial range: between stabilization of emissions at 1990 levels by 2010 and to a 10% increase from 1990 levels in emissions by 2010).

European Union: 7.5% reduction from 1990 levels by 2005; 15% reduction by 2010.

Association of Small Island States: 20% emission reduction by 2005.

Russia: stabilization at 1990 levels through 2010 by economies in transition.

Canada: supports medium term targets that are credible, realistic and achievable. Also supports short-term milestones.

Discussion

Canada has two basic interests:

1. to make progress towards the goal of the Framework Convention goal by significantly reducing global emissions
2. to manage economic and social impacts and optimize opportunities in Canada.

The level of industrialized country reductions which would "make adequate progress" depends on assumptions about future reductions by industrialized and developing countries, and critically on assumptions about the appropriate Framework Convention goal and possible timepaths. The current absence of agreement on the goal adds difficulty to international negotiations on level and timing. The higher the emissions in the short term, the steeper and deeper the emission cuts will need to be in the future to reach a given concentration level.

There is a wide range of views on the economic, social and environmental impacts on Canada and BC of greenhouse gas emission reduction, on impacts of delaying action, and on the appropriate framework for analysis.

Analysis of impacts has focused primarily on stabilization by 2010. The results of economic analyses done to date indicate aggregate impacts ranging from slightly positive to a reduction of 2-3% in the level of GDP in 2010. (These studies neither include the costs of climate change nor the benefits of avoiding these costs.)

Sectoral and regional impacts are more significant. Energy-producing and energy-intensive industries (e.g. pulp and paper, mining and smelting, and chemical production), and regions dependent on those industries would be strongly impacted. There will also be major impacts to other sectors, e.g. transportation. Provincial and sectoral results depend critically on assumptions about how a national target would be allocated within Canada, and on assumptions about the choice of policy measures.

Impacts of emission reduction targets on BC are unclear. BC's emissions are projected to increase by 37 percent between 1990 and 2010 under a business as usual scenario, the highest growth rate in Canada. This high rate of growth is due primarily to relatively rapid population growth. Almost half of BC emissions are from the transportation sector, where the multitude of sources, industries and jurisdictions complicates emissions reduction.

Views of the Forum

The Forum agreed that the industrialized country target must:

- make progress toward the Framework Convention goal,
- demonstrate industrialized-country leadership and contribute to the future inclusion of less developed countries, and
- be achievable in Canada.

The Forum recognized that:

- aggregate, regional and sectoral impacts will depend on the choice of policy measures in Canada's domestic implementation plan, and
- a process needs to be established to ensure that domestic implementation minimizes full economic, social and environmental costs, and allocates those costs fairly. The Forum has initiated work on domestic implementation.

Within the Forum, there was a wide range of views on targets and timetables.

A number of groups advocate reductions from 1990 levels of 20% by 2005 and 50-65% by 2010, based on the following rationale views:

- - significant reductions are required early to limit both the rate and extent of climate change, to increase the flexibility of future generations in responding to climate change, to maintaining a capacity for deliberate and measured response and to avoiding emergency response in future, and to avoiding imposing much more rapid and far deeper reductions onto future generations
- - a significant target is required to trigger the implementation of some measures which may take decades to achieve emission reduction results (e.g. land use, technology development)
- - industrialized countries have a moral obligation to act first
- - aggregate economic and social impacts are positive or modestly negative, even without factoring in avoided climate change damage costs
- - sectoral and regional differences can be managed through transition strategies
- - relative economic impacts on Canada vs. other industrialized countries are overstated
- - even if worst case scenarios for economic impacts of climate change mitigation are true, these costs are a low price to pay to insure against the risks inherent in climate change.

Views that support delay of substantial reductions, or views that do not support particular levels are as follows:

- - there are significant, possibly unnecessary costs to early action; there is significant value to waiting for better information both in regards to the extent of any human-caused climate change and for new technological developments that reduce the costs of actions;
- - allowing time for natural capital stock turnover reduces costs;
- - emissions are closely tied to economic activity and cannot easily be decoupled; measures required to eliminate the projected emissions growth of 37% in BC (if all provinces had to stabilize at 1990 levels by 2010) would require significant economic and social adjustment;
- Canada's approach must balance the climate change issue with other national environmental, economic and social priorities.

Forum views on targets and timetables were closely interdependent with views on other protocol elements. For example, several members held the view that emission trading, joint implementation and differentiation could only be supported if stringent targets and timetables were adopted. Others held the view that certain targets could only be achieved if differentiation and joint implementation were in place.

2. Differentiation

Description

Differentiation refers to setting emission targets for industrialized countries on some basis other than a uniform percent reduction from historical emissions. The stated purpose of differentiated targets is to recognize the unique circumstances of different countries and to more equitably share the burden of reductions among industrialized countries.(3)

Positions of key countries/blocs

Several countries have proposed differentiated targets:

- Australia has proposed negotiating targets around a formula intended to equalize per capita GDP loss among industrialized countries.
- Japan, France and Switzerland have proposed targets based on per capita emissions.

- Norway has also proposed a formula based on projected emissions.
- Brazil, the only developing country to indicate a willingness to accept emission targets, has proposed a formula based on historical emissions.

The United States and the European Union both strongly oppose differentiation on the basis that it is too complex, divisive and can not be successfully negotiated for Kyoto. At the same time, the EU is proposing to implement a differentiation scheme within the EU, referred to as the bubble concept.

Canada is open to differentiated targets reflecting national circumstances if the differentiated targets are beneficial to Canada and if a mechanism can be worked out that will not impede agreement in Kyoto.

Discussion

Some economic analyses indicate that Canada would be impacted more negatively than most other industrialized countries by a target based on uniform percent reductions from 1990 levels, which suggests that a target based on some other formula may reduce negative economic impacts on Canada. On the other hand, some of the proposed bases for differentiation, such as per capita emissions and current level of per capita GDP, could result in Canada facing more stringent obligations than most other countries.

The Framework Convention recognizes the differentiated responsibilities and specific circumstances of countries.

Some of the Canadian circumstances which could be addressed through differentiation, depending on the formula, include:

- rapid population growth, the highest in the OECD,
- a high level of energy exports,
- competition with industries from developing countries, which would not face increased costs due to targets.

Views of the Forum

Forum participants were sharply divided on the issue of differentiation.

Supporters of differentiationSome Forum members held the view that:

- the long term viability of a climate change protocol depends on equitable outcomes

for all participants;

- differentiation is the only viable means to accommodate the different national circumstances of industrialized countries such that there is an equitable sharing of the burdens of climate change actions; and
- climate change is a significant trade issue for Canada, as unlike the European and the United States, Canada exports commodities that compete on the basis of price.

Supporters of differentiation also held the view that differentiation on a basis similar to the Australian proposal is essential to ensure that costs are shared fairly and that Canada is not disadvantaged relative to our competitors in industrialized and developing countries.

Factors identified as important to account for Canada's circumstances included:

- rapid population growth, the highest in the OECD;
- a high level of fossil fuel energy exports which may contribute to lower emissions in other countries;
- competition with industries from developing countries not affected by the targets and timetables and which would not, therefore, face increased costs;
- a dispersed population contributing to higher transportation emissions; and
- a colder than average climate and proportionately more fossil fuel consumed in heat production.

At the same time, Canada needs to recognize that:

- differentiation schemes based on per capita emissions or GDP may hurt Canada; and
- there is potential for US backlash to Canadian support for the Australia proposal.

Other Forum members either opposed or did not support differentiation, and held that view that:

- there is no objective means of determining which countries would have the greatest difficulty in reducing emissions; therefore negotiating differentiated targets will be extremely difficult and will likely derail the international negotiation process;.
- Canada can and should achieve the same targets as other industrialized countries;
- while Canada faces some unique challenges in reducing emissions, it also has unique opportunities;
- other mechanisms, such as emission trading or domestic policies to assist hard-hit sectors within Canada, could address Canada's unique circumstances;
- international agreement upon a differentiation scheme which would benefit Canada is unlikely; those based on per capita emissions or GDP may hurt Canada; and
- where international apparatus already exists for differentiated commitments, e.g. the European Union, differentiation within those mechanisms would be acceptable.

3. International Emission Trading and Joint Implementation

Description

International emission trading would allow a country to purchase emission allocations from other countries to meet its emission target, or sell surplus allocations to other countries with targets (e.g. trades would be between industrialized countries). Joint Implementation (JI) would allow a country to gain credit towards its target through an emissions reduction project in a country which is not subject to a target (i.e. between an industrialized country and a developing country). An international joint implementation pilot is currently underway; during the pilot phase countries are not able to gain credits.

Positions of key countries/blocs

United States: supports both emission trading and JI as key to flexibility and lowering costs

European Union: will not support trading unless significant targets are agreed to; has opposed or sought to limit credit for JI

Canada: supports both trading and JI

Developing countries: have significant concerns about the fairness of JI.

Discussion

The principal argument in favour of trading and JI is cost-effectiveness:

- Trading is expected to lower the global cost of meeting emission targets by allowing reductions to take place where they are least-cost.
- Emission trading will establish an international market price for a tonne of carbon. C -- countries with marginal costs of reduction greater than the market price benefit because they can purchase reductions for less than it would cost domestically; countries with marginal costs less than the market price benefit because they can sell reductions for more than it costs to achieve the reductions.

Countries with the most to gain from emission trading have very high or very low marginal costs -- most analyses place Canadian marginal costs in the mid-range. As a result emission trading may not significantly lower the costs of meeting emission targets in Canada.

Concerns about emission trading relate to:

- practical implementation - there are concerns about fairness and design issues, particularly if domestic trading systems are also established by participating countries.
- effectiveness in reducing emissions - there are concerns that trading would allow some countries to delay or avoid domestic action by purchasing surplus allocations from the former Soviet Union, without any new reductions taking place.

Concerns about joint implementation include:

- measurement, verification and monitoring in developing countries would be required.
- reductions may not be real and incremental; they may have happened anyway, devaluing the effectiveness of commitments.
- industrialized countries will avoid having to act by relying on JI credits, and this will work against the effectiveness of the Kyoto agreement in reducing emissions.
- industrialized countries will "use up" the inexpensive emission reduction opportunities, making it more difficult for developing countries to engage in commitments in the future.
- JI will simply replace other forms of development assistance to developing countries.

Views of the Forum

The Forum generally supports emission trading among countries with emission targets, with recognition that many design issues remain to be addressed.

Regarding joint implementation:

Some Forum members held the view that JI is critical to lowering the costs of reducing emissions and will help developing countries avoid investing in carbon-intensive infrastructure that could make future reductions more difficult.

Others held the view that while JI has potential for some real benefits, the problem of

ensuring reductions are real and incremental (i.e. ensuring effectiveness in reducing global emissions) would have to be solved before JI would be acceptable. Other concerns were that , JI would simply allow industrialized countries to avoid taking action, would hinder the future engagement of developing countries, and would be unfair and inequitable.

4. Emissions Budgets, Banking and Borrowing

Description

Emission budgets, banking and borrowing are proposed protocol elements which would provide countries with some flexibility in the timing of emission reductions. Emission budgets would define a total target for a multi-year budget period, as an alternative to a single year (e.g. 2010) target. Banking provisions would allow countries to carry forward excess reductions into future budget periods. Borrowing would allow countries to use future allocations, at some cost, in a current period.

Positions of key countries/blocs

United States: supports budget periods of 3-10 years, with both borrowing and banking allowed

European Union: if budgets are included, must start in 2000; banking supported; borrowing opposed

New Zealand, others: borrowing could be addressed as a compliance issue

Canada: supports budgets and banking; has proposed multi-year baselines

Discussion

The principal argument in favour of budgets and banking is flexibility and cost-effectiveness. A multi-year budget reduces the impact of short-term fluctuations in emissions related to economic cycles. Banking allows countries to benefit from early emissions reductions, particularly if banked emissions can be traded.

Views of the Forum

The Forum generally supported the use of multi-year emission budgets, provided the budget periods are relatively short (no more than 3-5 years). There was also general support for banking of emission reductions.

The Forum generally did not support borrowing from future budget periods; there was agreement that countries failing to meet emission targets should be required to make up the shortfall, with some penalty, in future target periods, and that there should be a limit to the number of times this could be done before a more serious compliance mechanism would be imposed.

5. Legally Binding and Compliance

Description

To date the aims of the Framework Convention on Climate Change, to stabilize greenhouse gas emissions at 1990 levels, have not been legally binding. Also, they have not included involved implications or compliance mechanisms for parties not meeting their commitments. Current international negotiations are toward legally binding commitments, to ensure that Parties incurring obligations are making comparable efforts to achieve targets, and incurring similar costs. This is intended to level the international playing field amongst industrialized countries by preventing "free riders". Compliance mechanisms are being negotiated as part of the Kyoto Protocol.

Alberta has presented an alternative proposal of "Pledge and Review", in which each participating party could accept an emissions target coupled with an economic cost target. Each participating party would pledge to meet the target unless it incurs economic costs that exceed its economic budget. (This proposal also relates to protocol elements of targets and timetables, and differentiation.)

Positions of key countries/blocs

There is broad international support for a legally binding protocol which would bind Parties to their commitments. While there is international support for the development of some kind of compliance mechanism to ensure commitments are met, few compliance

options have been discussed internationally to date. One option is a multilateral consultation mechanism. The US favours penalties for non-compliance. While the US has not supported the inclusion of trade sanctions within the treaty compliance mechanism, the US has suggested it could apply trade actions to countries which do not sign the treaty and to those in non-compliance.

To date, Canada has supported a legally binding protocol and has not supported the Pledge and Review concept. Regarding compliance, Canada has supported that the targets be internationally enforceable, and has focused more on incentives and less on penalties, with open, transparent reporting. Canada has opposed the use of trade sanctions and intrusive regimes.

Discussion

British Columbia and Canada are dependent on international trade. A levelling of the international playing field amongst industrialized countries through legally binding targets would help ensure that British Columbia and Canada would not be economically disadvantaged by making greenhouse gas emission reductions while other industrialized countries did not take similar actions. Since less developed countries are exempt, the protocol is not intended to create a level playing field between industrialized and developing countries. This may disadvantage some Canadian industries.

There was also concern that since the legal targets would not apply to developing countries, some Canadian industries would be disadvantaged. (N.B.n.b. Inclusion of developing countries in future agreements is covered in Element 8: Developing Country Commitments.)

The relationship between the Kyoto protocol and other international agreements, particularly trade agreements such as the General Agreement on Tariffs and Trade (GATT), the North America Free Trade Agreement (NAFTA), and the proposed Multilateral Agreement on Investment (MAI) should be clearly defined and a mechanism established to resolve conflicts with other agreements.

Views of the Forum

Legally binding targets and timetables are generally viewed by the Forum as important to ensure the progress of the Framework Convention. The Forum generally supports negotiations towards a legally-binding protocol with a graduated and effective enforcement mechanism, which should include:

- Procedural fairness (i.e. before a compliance mechanism is applied, there would be a process to hear and understand circumstances);
- Consideration of the nature and extent of non-compliance and potential application of incentives and penalties suitable to the circumstances;
- "Shortfall recovery" and penalties and limits (i.e. if a country falls short of its commitment, it would have to make up the shortfall, as well as deal with a penalty, and there would be a limit to the number of times this could be done before a stricter compliance mechanism would be imposed); and
- Diplomatic and trade sanctions only where countries have consistently failed to comply and within the scope of the treaty and treaty procedures.

The relationship between the Kyoto protocol and other international agreements, particularly trade agreements such as the General Agreement on Tariffs and Trade (GATT), the North America Free Trade Agreement (NAFTA), and the proposed Multilateral Agreement on Investment (MAI) should be clearly defined and a mechanism established to resolve conflicts with other agreements.

Concerns about a legally binding target included the possibility that it would remove the right of sovereignty for Canada to chart its future in certain significant ways, and that this will be problematic if Canada agrees to a negotiated outcome which is against Canada's economic interests.

There was little discussion by the Forum of the Pledge and Review alternative due to lack of a detailed proposal and due to broad international support for a legally binding treaty.

6. Coverage

Description

Coverage refers to which greenhouse gases would be included in emission targets and whether or not sinks (the sequestration or storage of gases, for example in managed forests) would also be included. Standardized methodology for measuring and inventorying carbon dioxide from fossil fuels has been well established, while methodology for other sources and for other greenhouse gases is still being developed. Sinks are difficult to quantify and methodologies are also still being developed.

Positions of key countries/blocs

Most countries favour a comprehensive approach which would include all gases, sources and sinks, subject to adequate measurement and verification.

Japan is the one major exception, and favours a target only for carbon dioxide from energy-related activities.

Canada supports the widest possible comprehensive package.

Discussion

The principal arguments in favour of a comprehensive approach and the inclusion of sinks are that:

- this approach should increase flexibility and reduce the costs of emission reduction, and
- what matters is emissions (net of absorption) to the atmosphere of all greenhouse gases.

The principal concerns relate to:

- the difficulty of measuring and verifying sinks and some gases in the context of a legally binding protocol, and
- the need to ensure that sinks permanently sequester emissions.

Views of the Forum

The Forum supports a comprehensive approach, subject to the development of satisfactory measurement and verification protocols by the Intergovernmental Panel on Climate Change.

7. Common Policies and Measures

Description

Common Policies and Measures are policy measures which all countries with commitments would be required to implement, such as common taxes on aviation fuel and marine bunker fuel. Also under consideration are co-ordinated measures, to which countries would be required to give high priority.

Positions of key countries/blocs

European Union: very strong proponent of standardized policies and measures; has proposed specific mandatory actions to be taken by all countries (e.g. aviation fuel tax), and co-ordinated measures.

United States: strong opponent of any mandatory policies and measures.

Canada: has proposed some co-ordinated measures (e.g. information sharing, technology transfer).

Discussion

The principal arguments in favour of co-ordinated measures are that:

- measures, such as efficiency standards for products traded internationally, will be ineffective or contribute to trade barriers if not introduced in a co-ordinated fashion.
- some measures, such as carbon charges, will have competitiveness impacts if not co-ordinated internationally.

The principal argument against co-ordinated measures is that they reduce flexibility and the ability of countries to choose their own least-cost options.

In general, the more a country is vulnerable to the domestic policies of other countries, the more likely it is to benefit from some co-ordination of measures. The high degree of integration of the North American market suggests that Canada would benefit from a co-ordinated approach (e.g. for new motor vehicle fuel efficiency), although such co-ordinated measures may be difficult to negotiate.

Views of the Forum

General support for a co-ordinated approach to some policies and measures (e.g. fuel economy standards for vehicles, appliance and equipment efficiency standards, reviews of

tax subsidies and benefits).

8. Developing Country Commitments

Description

Countries are discussing how and when to engage developing countries in future emission reductions. Developing countries are not required to address emission reductions under the current negotiation process. Under the Framework Convention, industrialized countries agreed to take the lead in combating climate change.

Positions of key countries/blocs

United States: the Kyoto agreement must result in a process that will lead to emission reduction commitments by developing countries; and have proposed additional categories have been proposed to allow for different levels of commitments.

Developing countries: strongly oppose any requirements for emission reductions by the developing world; and have argued that there must be seeking compensation for impacts on developing countries of both climate change impacts and emission reductions actions by industrialized countries.

The European Union: has also opposed developing country commitments.

Canada: supports a process for negotiating new obligations as part of the follow-up to the Kyoto agreement.

Discussion

The principal arguments in favour of obtaining emission reduction commitments from developing countries as soon as possible are that:

- in the first half of the next century, annual greenhouse gas emissions from developing countries will exceed emissions from industrialized countries; therefore

- the success of global efforts to address the risk of climate change will be compromised without developing country participation in the near future;
- the international competitiveness of some Canadian industries would be weakened, since they compete against industries based in the developing world countries that would not face increased costs due to emission reduction targets; and
 - emission reductions in developed countries will be offset by carbon "leakage" to developing countries, as some industries relocate to avoid regulation and taxes.

The principal arguments against early reductions from developing countries are that:

- most greenhouse gas emissions have historically come from industrialized countries (e.g. , Canada's per capita greenhouse gas emissions are approximately four times the global average, and 10-20 times those in the developing world); and
- it would be unrealistic and inequitable to require developing countries with vastly inferior standards of living to take on commitments that would constrain their ability to "catch up" to the industrialized world.

Views of the Forum

The Forum agreed that the Kyoto Protocol should include:

- a Kyoto Mandate - which would establish a process for developing countries to take on emission reduction commitments, beginning at some future time.
- a graduated approach, which would group developing countries according to some objective assessment of their ability to take on commitments, with different levels of commitment for different groups. Instead of the simple split between industrialized and developing countries, this might lead to 3 or more categories.
- a graduation process, triggered by objective criteria, for countries to move from one category to another.

While some Forum members felt that developing country participation is critical, the Forum generally held the view that:

- demonstration of industrialized nations' serious intent to reduce emissions is the first step in getting developing nations to make commitments; and
 - the present economic reality of developing countries makes it unrealistic and inequitable to expect immediate action.
-

9. Decision-Making Within Canada on Climate Change

This section deals with the Forum's views on the roles of the federal, provincial and local governments, industry, labour, environmental and public interest groups and other affected parties in decision-making on climate change in Canada.

The environmental and economic risks of climate change would affect most if not all regions and sectors in Canada. The scope of potential impacts and the nature of decision-making required will challenge our ability as a country to manage these risks.

There are three main decision points associated with the Kyoto protocol:

- signing the agreement,
- ratification and entry into force, and
- domestic implementation.

The federal government has sole constitutional authority to negotiate and sign international agreements. There has been relatively limited inter-governmental and stakeholder consultation during the negotiations leading up to the Kyoto protocol.

The respective roles of the federal and provincial governments in ratification and implementation are less clear. While the courts have not yet determined jurisdiction in respect of climate change, generally:

- provinces have jurisdiction over the management of natural resources and economic development issues within provincial boundaries;
- environmental management is an area of shared responsibility; and
- courts have recognized that the federal government can act unilaterally on matters of national importance.

While there is currently presently no formalized federal-provincial process for decision-making in Canada on ratification and implementation of a climate change treaty the federal government has stated that it favours a co-operative process.

Views of the Forum

A number of Forum members expressed concerns about the decision-making process used to develop Canada's negotiating position.

The Forum agreed that:

- the decision-making process in Canada on the ratification and implementation of the Kyoto protocol needs to be clearly defined and must involve all affected interests;
- the need for new mechanisms and institutions for decision-making and risk management should be considered; and
- a domestic implementation plan should be developed, through full consultation with governments, industry and other and stakeholders, prior to Canadian ratification of the Kyoto protocol.

BRITISH COLUMBIA GREENHOUSE GAS FORUM

PARTICIPANTS

PARTICIPANT	ALTERNATE
Don Fast Assistant Deputy Minister Environment and Lands Headquarters Division Ministry of Environment, Lands & Parks	Doug Dryden Director Air Resources Branch Ministry of Environment, Lands & Parks
Cheryl Brooks Assistant Deputy Minister Economic Development Division Ministry of Employment & Investment	Warren Bell Director Environment and Land Use Branch Ministry of Employment & Investment
Dr. John Millar Provincial Health Officer Ministry of Health & Ministry Responsible for Seniors	Dr. Ray Copes Medical Specialist, Environmental Health, Risk Assessment & Toxicology Ministry of Health & Ministry Responsible for Seniors

Chris Rolfe Barrister & Solicitor West Coast Environmental Law Association	
Dermot Foley Association for Advancement of Sustainable Energy Policy	Bo Martin Association for Advancement of Sustainable Energy Policy
Morris Mennell Administrator, Program Planning & Development, Air Quality Department Greater Vancouver Regional District	Jennie Moore Employee Transportation Coordinator Air Quality Department Greater Vancouver Regional District
Ken Vance Policy Analyst Union of BC Municipalities	
Wayne Soper Vice President Environment & Government Relations Westcoast Energy	Richard Williams Program Leader Environment, Health, Safety & Sustainable Development Westcoast Energy
PARTICIPANT	ALTERNATE
David Stuart Team Leader Environment, Health & Safety Canadian Association of Petroleum Producers	Rob McManus Manager of Environment & Safety Canadian Association of Petroleum Producers
Michael Doherty Barrister & Solicitor BC Public Interest Advocacy Centre	
Dermot Lane Manager Environmental Affairs Fording Coal; Mining Association of BC	
John Hansen Assistant Managing Director & Chief Economist Vancouver Board of Trade	
Lindsay Olson Vice President, Pacific Region Insurance Bureau of Canada	

Jerry Lampert President and CEO Business Council of BC	Jock Finlayson Vice President, Policy & Analysis Business Council of BC
Brian McCloy Vice President Environment Council of Forest Industries of BC	
Dr. Mark Jaccard SFU Energy Research Group	Dr. John Nyboer SFU Energy Research Group
PARTICIPANT	ALTERNATE
John Rich Environmental Studies Coordinator Environmental Department BC Hydro	John Kelly Manager of Audit & EMS BC Hydro - or - Gary Rodford Director Executive Operations BC Hydro
Susan Anderson Behn Director Treaty Negotiations, Resource Management and Environment BC Federation of Labour	
Cliff Stainsby Research Officer BC Government Employees' Union	Helga Knotte Vice President BC Government Employees' Union
Ellen Chesney Director of Public Affairs BC Automobile Association	

PARTICIPANT OBSERVERS:

Sue Kirby Acting Director General Energy Policy Branch Natural Resources Canada	
--	--

David Egar Director General Air Pollution Prevention Directorate Environmental Protection Service Environment Canada	Vic Niemela Regional Director Environmental Protection Branch Pacific / Yukon Region Environment Canada
--	---

(1) **United Nations Framework Convention on Climate Change**, Article 2: Objective. 1992. Page 5

(2) **Climate Change 1995 - Economic and Social Dimensions of Climate Change.** Second Assessment Report of the Intergovernmental Panel on Climate Change, Working Group III. 1995. Page 26

(3) This section refers only to differentiation at the international level. D; iffereentiation may also arise in the context of domestic implementation; ssee Section 9 for differentiation within Canada.

For More Information:

[Air Resources Branch](#)

Ministry of Environment, Lands and
Parks
Government of British Columbia

PO Box 9341
Stn Prov Govt
Victoria, British Columbia
Canada V8W 9M1
<http://www.elp.gov.bc.ca>
phone: (250) 387-9933

Climate Change: [[Table of Contents](#)]

[[Climate Change](#)] [[Greenhouse Gas Emissions](#)]

M.E.L.P. Air Resources Branch: [[Home](#)]

[[Air Quality](#)] [[Climate Change](#)] [[Industrial Emissions](#)]

[[Particulates](#)] [[Stratospheric Ozone Depletion](#)] [[Vehicle Emissions](#)]

[[Air Quality Legislation](#)] [[Air Quality Codes, Criteria, and More](#)]

[[Who We Are](#)] [[Clean Air Day](#)] [[Links](#)] [[Site Map](#)]

[[Top of Page](#)]

[[Search this Site](#)]

[[Program Home](#)]

[[Ministry Home](#)]

[[BC Government](#)]

We hope you find this service useful and welcome your comments at:
webpage@epdiv1.env.gov.bc.ca

BC Government Logo

Last Updated: 1997

[Information Disclaimer and Copyright Notice](#)