



Canada's Climate Action Plan (2002): The Analysis



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THE FRAMEWORK

This framework was constructed using a number of sources most notably Eberlein and Matten's article Business Response to Climate Change Regulation in Canada and Germany: Lessons for MNCs from Emerging Economies, 2009. By drawing on the information within the literature, a set of relevant criteria that would provide a comprehensive analysis of the two plans were developed.

For this analysis, Germany was chosen to be compared with Canada as it is suggested that these nations represent two opposing ends on the continuum of national climate policy initiatives. Germany has traditionally been known to utilize rigorous government environmental regulation, and is recognized globally as an international leader on contemporary climate change policy. Conversely, Canada had unfortunately been confined by defensive lobbying and lacking government leadership, resulting in the "voluntary commitment" approach of the 2002 Climate Action Plan which had few nationwide results. In contrast, Germany has indeed been quite successful and on track to meeting its Kyoto objectives. Regrettably, Canada has not been as successful in meeting its target and eventually withdrew from the Kyoto Protocol. Indeed, the implementation of an advanced and enlightened national climate change plan is required to allow for environmental targets to be reached.

THE CONTEXT

	CANADA	GERMANY
a. Economy		
Economic dependency on natural resource extraction	Between 1997 and 2007, primary sectors made up 12% to 19% of Canada's GDP.	In 2010, Germany's primary sector accounted for only 0.9% of its GDP, in comparison to the
Use of fossil fuel energy sources	Oil and gas: 21% of total Canadian emissions. 46% of total	Oil and gas: 22.8% of total German emissions. 45.8% of total emission resulting from energy
b. Political		
Political System	Between 1997 and 2007, primary sectors made up 12% to 19% of Canada's GDP.	In 2010, Germany's primary sector accounted for only 0.9% of its GDP, in comparison to the service sector, which accounts for approximately 70%.
Political & industry leaders in support of increased environmental regulation	Oil and gas: 21% of total Canadian emissions. 46% of total emissions resulting from energy production.	Oil and gas: 22.8% of total German emissions. 45.8% of total emission resulting from energy production.
International Relations	US position on climate change fuelled fears of competitive disadvantage and incongruent economic structure.	EU supportive of progressive climate change regulation. Playing a leading role within the EU.

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THE CONTEXT (continued)

	CANADA	GERMANY
<i>c. Social</i>		
Civil Society	Weak and fragmented environmental movement. Evident ideological divide amongst political parties concerning climate change policy.	Strong environmental movement, including political representation in government. High degree of bipartisan support for climate change mitigation.
Public perception of natural energy resources and the environment	Strong opposition to addressing climate change by energy-rich Western provinces; public support present in other regions such as British Columbia and Quebec.	Poverty in domestic energy resources facilitated consensus at provincial and federal level. Strong public support for climate change mitigation until early 2000's when economic development slowed.

GOVERNANCE FACTORS

	CANADA	GERMANY
<i>Strategy Approach</i>	Sectoral	Comprehensive and multi-dimensional
<i>Governance tools utilized</i>	Since the early 1990s, Canada has relied primarily on non-compulsory, voluntary approaches and policies to address climate change, eschewing emission caps, and taxation as policy instruments. Using focused, but slowly progressing, sector-based regulations.	Germany has not shied away from strong regulatory and tax policies that impose significant costs on businesses and the general population. Three forms of climate protection policies have been used: the market control of emissions (emission caps, eco-taxes), the improvement of energy efficiency (efficiency gains in housing and transport), and the shift to low-emission fuels and technology (renewables). Participation in the mandatory EU Emission Trading System (ETS), the largest emission trading system worldwide.
<i>Setting of progressive and comprehensive emissions targets</i>	6% reduction of 1990 GHG emission levels, by 2012.	GHG emission reduction target of 25% between 1987 and 2005. Climate protection and renewable energies constitutes two of the 21 objectives of the German National Sustainable Development Strategy 2002. Climate change is dealt with in detail in the first seven key focus points

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GOVERNANCE FACTORS (continued)

	CANADA	GERMANY
<i>Inclusive governance approach (all government levels involves)</i>	<p>Consultation with and inclusion of provinces required for establishment of climate change policy initiatives. Two federal government departments initially shared responsibility: Environment and Natural Resources; they were consolidated into Ministry of the Environment with continued inter-departmental differences. Strong federalist approach, involving federal and provincial cooperation.</p>	<p>Formation of an inter-ministerial group to develop and monitor climate change strategies.</p> <p>Variety of ministry involvement in climate change policy formation, including ministries of the environment, economy, transport and building.</p> <p>Climate change policy considered voluntary task for municipalities.</p>
<i>Transparency/Accountability</i>	<p>Federal-provincial coordinating committees, expert bodies, and multi-stakeholder consultation processes and mechanisms in place from 1998-2002; later phased out, have not been replaced. Post 2002, a lack of central ownership, clearly defined departmental responsibilities, integrated strategies, and ongoing evaluation systems all point to problems in the federal government's management of the climate change initiative.</p>	<p>Recently there has been an increasing trend to shift responsibilities for strategy implementation to the central government.</p> <p>Departments are unable to exert power on other departments, meaning a non-strategic allocation of responsibilities.</p>
<i>Equal bearing of costs throughout regions</i>	<p>The fossil fuel-rich provinces (Alberta and Saskatchewan) are also those with the highest rates of GHG emission. Climate change policy initiatives therefore are seen as intrusive and threatening to provincial energy and industrial sectors. Other provinces such as Quebec, who rely largely on hydroelectric power, will not bear as much of a cost of stronger environmental regulations.</p>	<p>Due to the absence of dominant fossil fuel extraction developments, Germany does not possess a division of local or provincial interests concerning the implementation of climate change regulations. There are no regions that would bear substantially greater costs due to climate policies and stricter regulations.</p>
<i>Measurable objectives for evaluation of progress</i>	<p>Yes, Kyoto target and sector specific contributions in 2002 plan.</p>	<p>Yes, 2002 National Sustainable Development Strategy objectives and seven key focus points.</p>
<i>Level of defensive lobbying</i>	<p>Dominance and political success of a defensive lobbying strategy designed to hinder the emergence of regulatory carbon constraints. Canadian business associations vigorously campaigned against ratification of the Kyoto Protocol in the fall of 2002.</p>	<p>German corporations have never collectively campaigned against the principle of climate change policy or the Kyoto Protocol. Due to technological and market leadership, German industry saw that it stood to gain from aggressive policy measures.</p>

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RESULTS

It can be concluded from our descriptive and analytical research of Canada's 2002 Climate Change Action Plan that the failure to enact upon the plans proposed actions for greenhouse gas reductions could be attributed to several underlying factors. Review of the plan itself and the process reveal that the actions to be undertaken for reductions were voluntary in nature. An important result of this non-compulsory approach has been a slow progressing environmental regime, which has been strongly reflected in the diversity of opinions on climate change and approaches for mitigation between the provincial and federal levels of government. This variation of opinions also contributed intra-provincial and federal-provincial conflict in developing strategies for the 2002 Climate Action Plan. Specifically, resource based economy provinces indicated that the federal government was placing an unequal amount of the costs of greenhouse gas reductions on these provinces without providing industry incentives to meet federal reduction standards. This unequal bearing of costs between provinces has contributed to the current stagnation of the 2002 plan, as fossil fuel production is crucially important to the economy of the western provinces.

	CANADA	GERMANY
<i>Kyoto Protocol</i>	Ratified Kyoto in 2004; withdrew in 2012.	Ratified Kyoto in 2002, still committed.
<i>Results</i>	Canada's emissions increased by over 21% compared to the 1990 baseline, putting Canada almost 30% above its Kyoto target by 2006. Canada's situation is characterized by an underdeveloped regulatory framework, and non-committed government action. The regulatory gap is indeed increasingly viewed as an obstacle for proactive emission reduction strategies as climate change develops into a core strategic challenge for businesses and governments. At the same time, the current regulatory gap is viewed as an opportunity to shape future regulation, and policy measures, with tremendous political opportunity for climate policy improvements. Canada possesses large room for improvement.	Germany is on track to meet its Kyoto target, having achieved an 18% reduction of 1990 GHG emissions by 2006. A strong regulatory framework, corporate support for climate change initiatives, and a wide variety of governance tools has resulted in a robust national climate change policy. Strong government support has compelled German companies to innovate and search for less carbon-intensive products, processes, and technologies. Financial incentives have helped propel the emergence of an entire eco-industrial sector, which has helped propel Germany to the forefront of sustainable climate change governance.

The primary barrier Canada faces is based in its significant dependency on the primary resource sector. Strong interests in the success of projects like the Alberta oils sands have meant majority of business participation has manifested in the form of defensive lobbying. What continues to exacerbate this issue is a lack of bipartisan support of Canadian political parties for strong, progressive environmental legislation and regulation. There is need for a strong multi-party interest in environmental responsibility as exemplified in Germany. A lack of economic incentives and funding was also represented as a large draw back in the industrial sectors. Review of the Sector Issue Table Options Reports revealed that many sectors would have required a vast amount of federal funding to reach the reductions targets set by Kyoto. The demand for federal aid to reach reductions was largely reflected in the cross-sectorial opinion that Canada must remain a competitive player in the international market allowing for sustained trade with the U.S. and the world.