



The Climate Debate Heats Up

Canada should support a strategy that works both for our economy and for the global environment

By John Dillon

Senior Associate, Policy and
Legal Counsel

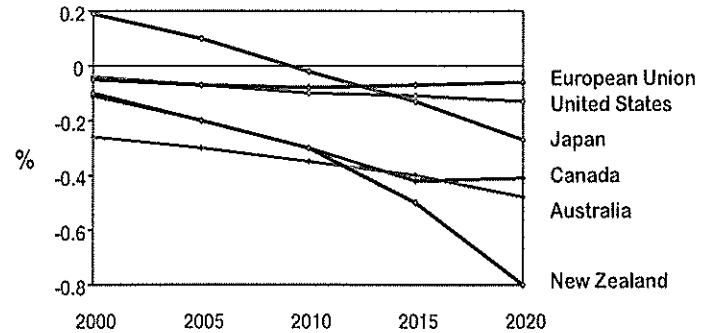
In recent years, business in Canada and throughout the world has demonstrated that economic growth and respect for the environment do not have to conflict. Some of the most competitive and globally successful companies are profitably producing more goods and services of higher quality using fewer resources.

This need to integrate the environment and the economy is at the heart of the current debate over global climate change. If the international community is to deal successfully with the threat of climate change, it must find an approach that provides a long-term solution without compromising legitimate desires for economic growth in many regions of the world.

There is still a lot that we don't know about how emissions of so-called greenhouse gases may affect the global climate. Even so, most countries around the world agreed in 1992 that action was needed. The current international target is for industrialized countries to reduce their greenhouse gas emissions to 1990 levels by the year 2000.

Only a handful of countries are likely to meet this target, and their progress has more to do with economics than environmental strategy. For instance, Germany's dramatic restructuring since

STABILIZING EMISSIONS WOULD HURT SOME COUNTRIES MORE THAN OTHERS



Economic cost of stabilization (Change in per capita growth)

Source: Australian Bureau of Agricultural and Resource Economics

1989 has achieved environmental benefits, but it has been driven primarily by the need to integrate two very different economies.

These countries are now pressing for more aggressive targets for reducing emissions, targets that still would apply only to the industrialized world. Such targets would have a disproportionate impact on a country like Canada whose economy is so tied to the production and export of natural resources.

What is more, targets that include only industrialized nations will not solve the problem. By early in the next century, more than half of global emissions will be coming from developing nations. China alone could offset all the gains to be made by Canada and other industrialized countries through its planned expansion of coal-fired electricity generation.

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90 Sparks Street, Suite 806 · 90, rue Sparks, bureau 806

OTTAWA Canada K1P 5B4

Telephone (613) 238-3727 Téléphone · Facsimile (613) 236-8679 Télécopieur

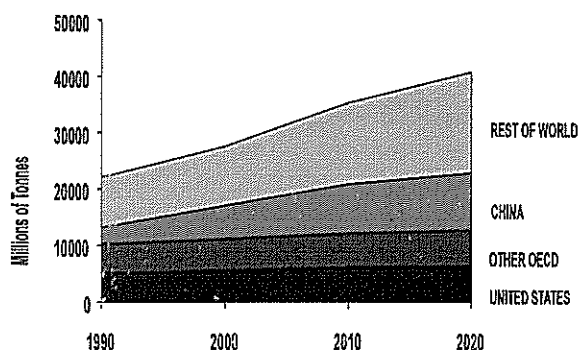
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PROJECTED GROWTH OF GLOBAL CARBON DIOXIDE EMISSIONS



Source: ABARE

Canada could make a much greater contribution by persuading the international community to adopt a more rational approach – one that recognizes the long-term nature of climate change, that shares the burden fairly among all nations, and that interferes as little as possible with economic growth and job creation.

For starters, we should recognize that a tonne of pollution is a tonne of pollution, no matter where it is emitted. If a million dollars can buy a small improvement in a Canadian plant or make a huge difference at a much less efficient plant in the developing world, the money should be spent where it will do the most good globally. This could be accomplished through a global agreement on emissions trading and international credits, an approach that would have the added benefit of bringing new technologies and beneficial investments to the countries that need them most.

In the meantime, we have to match our domestic policies to the long-term nature of the problem. That means doing what we can to improve energy efficiency in the short term, while re-directing a major portion of research and development budgets toward new technologies and less carbon-intensive forms of energy. Those technologies can be incorporated into new plants and equipment as existing machinery wears out or becomes obsolete, improving the environment and boosting competitiveness at the same time.

Thus far, Canadian industry has improved its energy efficiency by one percent per year over the past twenty years. More than six hundred companies have signed up for a voluntary program to look for additional ways to limit emissions of greenhouse gases. But such efforts cannot remain limited to the corporate sector.

Individual Canadians must make the same commitment, even though that will mean some difficult lifestyle choices. Households will have to see that their investments in the wise use of water, heat, electricity and personal transportation make good *economic* sense.

Climate change is a complex problem that will take many decades to address. Responsible action by businesses worldwide can produce innovative and cost-effective solutions. Ultimately, however, new levels of international cooperation and far-sighted leadership will be required to develop a truly global answer, one that produces the greatest environmental benefit at the lowest possible cost to jobs and growth.

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