



House of Commons  
CANADA

# **Standing Committee on Environment and Sustainable Development**

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ENVI • NUMBER 041 • 1st SESSION • 38th PARLIAMENT

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**EVIDENCE**

**Tuesday, May 31, 2005**

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**Chair**

**Mr. Alan Tonks**

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## Standing Committee on Environment and Sustainable Development

Tuesday, May 31, 2005

• (1110)

[English]

**The Chair (Mr. Alan Tonks (York South—Weston, Lib.)):** Good morning, members of the committee, public, and staff. We welcome Mr. Elliot Diringer, director for the Pew Center on Global Climate Change.

This is the 41st meeting of the committee. Pursuant to Standing Order 108(2), we are studying Canada's implementation of the Kyoto Protocol. I think that members of the committee and others who have been watching our deliberations will be interested to know that the subtitle is "Conclusion", so we're working on a conclusion to our deliberations with respect to the Kyoto implementation strategy. As you know, we are working towards having a report very soon before the committee.

Mr. Diringer, you've come at an excellent time. You're probably going to be the closing pitcher on Kyoto, and we're looking forward to receiving your input.

Also, it's been brought to my attention by the former chair of the committee, Mr. Caccia, who also is here today.... Actually, he comes to our committee meetings, and the input that he provides, usually informally, is very much appreciated—and he's always welcome to formally make presentations. Mr. Caccia has pointed out to me, Mr. Diringer, that in 2002 the committee did go down to Washington, and while they were visiting with the Pew Center on Global Climate Change, they also visited with Senator Jeffords, who was the chair, I believe, of the joint committee on the environment in those days. It has been pointed out to me that the committee also met with the World Resources Institute, the Woodrow Wilson institute, and other non-government organizations. And by the way, the clerk has just pointed out to me that the committee did meet with Hillary Clinton. I'm sure a great deal of insight was gained through that visit.

We now have the opportunity to reflect—and also to have your input, Mr. Diringer—on where we are with respect to climate change from the Pew Institute's perspective. We welcome you, and we are looking forward to what you have to say. I'm sure you know that following your presentation, which usually is around ten minutes, give or take—we have quite a bit of flexibility on the time—we then go into a question and answer period through the members of the committee.

I'll turn it over to you, Mr. Diringer, and once again, thank you for being here and making your deliberations with us.

**Mr. Elliot Diringer (Director, International Strategies, Pew Center on Global Climate Change):** Thank you, Mr. Chairman and members of the committee, for the opportunity to contribute to the

committee's consideration of the vital issue of global climate change. My name is Elliot Diringer, and I am director of international strategies at the Pew Center on Global Climate Change.

The Pew Center is a U.S.-based non-governmental organization dedicated to providing credible information, sound analysis, and innovative solutions in the effort to address global climate change. Since our founding in 1998, the center has published more than 50 peer-reviewed reports on climate science, economics, policy, and solutions. In addition, through the center's Business Environmental Leadership Council, or BELC, we work closely with 39 major corporations to develop and promote practical and effective climate change policies. The BELC includes two Canadian firms, TransAlta and Ontario Power. I should note that the BELC companies do not contribute financially to the center.

My aim today is to provide you with our perspective on the options for advancing the international climate effort beyond 2012. Allow me to begin by noting that the Pew Center welcomes the Kyoto Protocol's entry into force. We commend the Canadian government for its commitment to the protocol and for its efforts toward a workable and effective implementation strategy. We believe, however, that in looking beyond 2012 it is important to look beyond the Kyoto Protocol at the full array of options.

The challenge before us is to engage all the world's major greenhouse-gas-emitting countries in a long-term effort that fairly and effectively mobilizes the technology and resources needed to stabilize the global climate. Over the past three years, the Pew Center has led an initiative to facilitate constructive thinking and dialogue on options for advancing the international climate effort.

As part of that effort, the center has convened the climate dialogue at Pocantico, which brings together senior policy-makers and stakeholders from around the world for a series of off-line discussions exploring options beyond 2012. The 25 participants include policy-makers from Australia, Brazil, Canada, China, Germany, Japan, Mexico, Tuvalu, the United Kingdom, and the United States; executives of companies such as ALCOA, BP, DuPont, Rio Tinto, and Toyota; and NGO representatives from India, Switzerland, and the United States. The group has met three times and will convene for a final session this September.

In a moment, I'd like to describe for you the options presently under consideration within the dialogue. First, however, I would like to introduce some of the broad insights that emerged from our initial work on these issues and served as an important foundation for our dialogue discussions.

There are four brief points, the first being that while the climate challenge is ultimately one of mobilizing technology, it is in the first instance one of mustering political will. Some approaches to international action can better assist in that than others.

Second, scientific and economic uncertainty is not a justification for inaction, but rather an additional rationale for acting now.

Third, while climate change is a common challenge, countries will engage in collective action to address it only if they perceive it to be in their national interest. A multilateral approach must therefore recognize and accommodate domestic concerns such as development and competitiveness.

Fourth, bridging diverse national interests requires a flexible architecture that allows different types of commitments for different countries.

As further input to our dialogue process, we also examined a broad array of emissions, energy, economic, and socio-economic data, focusing primarily on the 25 largest emitting countries. These countries account for 83% of global greenhouse gas emissions, 17 of them are also among the world's most populous countries, and 22 are among those with the highest GDPs. The group of top emitters varies little, whether considering only carbon dioxide emissions from fossil fuel combustion or carbon dioxide from land use change as well, or other greenhouse gases, or whether looking at present, cumulative, or projected emissions.

• (1115)

This data strongly supports the view that to be effective in the long term the international climate effort should, at a minimum, include these large emitters. The data also shows, however, the tremendous diversity within this group. It includes almost an equal number of developed and developing countries as well as economies in transition. Their per capita emissions and per capita incomes vary widely, with important implications in understanding both responsibility for climate change and capacity to address it.

With that background, I would like to turn now to the options presently under consideration within our Pocantico dialogue. As I noted a moment ago, we believe the aim in the next stage of the international climate effort must be a flexible architecture able to accommodate different strategies and commitments. In assessing the options, we began by looking at a range of approaches, not as alternatives per se, but rather as potential elements in such a framework. Through the course of discussion, the group has more or less settled on six such elements.

The first element is what we call an aspirational long-term goal. Addressing climate change is a long-term effort, and in undertaking it, it is important to know what we are aiming for. However, trying to negotiate a specific, quantified, long-term target would likely be futile and potentially even counterproductive. As an alternative, governments, businesses, or expert communities, acting individually or in groups, can put forward aspirational goals consistent with the ultimate objective of stabilizing greenhouse gas concentrations at a level that avoids anthropogenic interference. Several governments and some businesses have already done so. Such goals, expressed in terms of temperature and/or concentrations, can serve to spur and

guide future climate efforts without serving as a formal basis for negotiating commitments.

The second element is targets and trading. The principal virtue of this approach is cost-effectiveness. In addition, it builds on the existing Kyoto architecture, the European Union's emissions trading systems, and the other trading systems now emerging. The Kyoto approach, however, relies on a particular type of target. It is binding and focused on absolute emission levels. A future approach could incorporate different types of targets. Two possibilities are emissions intensity targets or no-lose targets, which would provide incentive for developing countries to undertake action by allowing them to market any reductions below their targets without imposing penalties if their targets are exceeded. Different groups of countries could take on different types of targets, with further differentiation within groups, in order to reflect particular national circumstances.

Our third element is sectoral. Rather than economy-wide targets, the idea here is to structure commitments around some of the key emissions-generating sectors, such as power, transport, land use, or energy-intensive manufacturing. Such an approach can help ease competitiveness concerns by ensuring a level playing field across a given sector. Commitments could take the form of emission targets: performance-based standards, for instance, regulating carbon emissions from autos; or technology-based standards, for instance, in the power sector, requiring the phase-in of advanced combustion technologies, or carbon capture-and-storage technologies for new coal-burning power plants.

A fourth element is sustainable development policies. The objective here is to capitalize on natural synergies between climate and development objectives by promoting measures that simultaneously advance both. These could include energy policies such as cost-based pricing, transportation measures to promote mass transit and cleaner fuels, or agricultural policies supporting sequestration-promoting practices. One approach would be for countries to commit to broad policy objectives, then pledge specific national measures to achieve them with periodic reporting subject to international review. Verified emission reductions achieved through these measures could be marketed through a mechanism similar to the clean development mechanism, which would certify credits on a programmatic or sectoral basis rather than project by project. These approaches may better engage developing countries by speaking directly to core development concerns and by not imposing a quantified emissions limit.

• (1120)

A fifth element is technology approaches. All of the earlier elements seek in some way to drive technology into the marketplace, but there is also a role for approaches that seek to directly drive technology—in particular, the breakthrough technologies we will need to achieve reductions on a much larger scale over the long term. One possibility is that countries set a long-term goal of zero net emissions in the power or auto sectors. Another possibility is stronger international cooperation and funding for the research and development of potential breakthrough technologies such as hydrogen, biomass fuels, or carbon capture and storage.

The sixth and final element is adaptation. All the approaches I've described thus far focus on mitigation—reducing emissions—but if we are to achieve agreement on a new framework, particularly if it is to include some form of commitment for developing countries, it must deliver more on adaptation. One possibility is to establish climate disaster funds to provide relief to poor countries suffering climate-related losses, whether the result of climate change or climate variability, and to offer subsidized climate disaster insurance to middle-income developing countries. Proactive adaptation might be better promoted by mainstreaming adaptation across the full range of development assistance rather than through the climate regime. For instance, multilateral development banks could adopt new lending guidelines to routinely incorporate climate risk assessments and adaptation measures in project design, review, and approval.

As I noted, we view these elements not as alternatives but as potential building blocks for a broader international framework. In our dialogue discussions we have only begun to consider ways in which the elements might be linked, so I cannot offer specific ideas at this time. However, we look forward to sharing the final outcomes of the dialogue following our concluding session in September. Our aim in the dialogue is to offer some vision of where the international climate effort might go in the future. An immediate question, however, is whether and how to launch a more formal process among governments to begin considering post-2012 options.

In offering to host the upcoming climate talks in Montreal, the Canadian government has taken on a very significant challenge. The conference will take the final steps to put the Kyoto Protocol fully into motion. It will be more successful still if parties also are able to take the first steps toward further broadening and strengthening the

international effort. Many governments have signalled their willingness to start and we wish the Canadian government every success in this endeavour.

I thank you for the opportunity to provide this input. We would be pleased to contribute further to the committee's consideration of these issues and to the government's efforts to strengthen the international climate effort.

I'd be happy to take your questions.

**The Chair:** Thank you very much, Mr. Diring, for that very comprehensive and insightful overview.

Just as a preamble to going to questions, I've been circling what usually are the important things, unfortunately, and I've circled and underlined just about everything you've said. It's going to be very difficult to prioritize these. We'll look forward to the deliberations next September of a synthesis of the points you've made.

We're going to go now to questions. Mr. Bigras, if you'd like to lead off....

It looks like our colleagues who usually bat first are looking forward to finding out what the sense of their questions is going to be.

• (1125)

[*Translation*]

**Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ):** Thank you very much, Mr. Chairman. I'm a bit surprised to be going first. I too was just getting ready.

You mentioned a new Kyoto architecture, and I noticed that you were proposing a number of initiatives in relation to that, including an emissions trading system. I noticed that the United States were participating in the discussions you were holding, including the climate dialogue.

I'd like to know whether this new way of proceeding and the framework that you are presenting to us today might eventually enable us to get the United States to accede to the Kyoto Protocol.

[English]

**Mr. Elliot Diringer:** Thank you.

Let me first offer a clarification on the nature of participation by U.S. policy-makers in our dialogue process. The two participants in our dialogue who are U.S. policy-makers are not members of the administration. They are senior staff members from the Senate foreign relations committee. The senior climate staff are for Senator Lugar, who is the Republican chairman of the foreign relations committee, and a counterpart on behalf of Senator Biden, who is the ranking Democrat on the foreign relations committee.

This committee has first consideration of any treaty submitted to the Senate for ratification. We had extended an invitation to the administration to participate in the dialogue, but they declined. Nonetheless, it is indeed our objective to develop recommendations that might serve as a basis for elaborating a framework that could encompass the United States as well as the other major emitting countries.

This is a relatively long-term venture, naturally. I think any negotiations toward such a framework would unfold over the course of years. While there may be a process launched this fall in Montreal, I would not expect the conclusion of any such negotiations for some time—as I said, a number of years. My expectation is that at least at this stage the United States, as represented by the administration, is not likely to engage in a meaningful way in such negotiations, so it may take a new administration before the United States is willing to engage very directly and meaningfully in negotiations under the UN auspices toward a new climate framework.

I believe that in the meantime the domestic climate debate will continue to mature in the United States, and that once that debate has brought us closer to a point of domestic consensus, it will only then be possible for the United States to consider taking on an international commitment.

As to your final question, I would not expect either our dialogue process or any other effort to result in ratification by the United States of the Kyoto Protocol as it stands today. I think a future framework might draw very heavily on the Kyoto Protocol, but I think it would have to be somewhat different from the Kyoto Protocol for the United States to ratify it—and, for that matter, for other countries to be willing to see it as a basis for action beyond 2012.

[Translation]

**Mr. Bernard Bigras:** I understand what you are saying, but I also understand that in your opinion, if we want the United States to sign on, the framework has to be changed. I take it from your remarks that this is what you are proposing, in various ways. You state that it would be counterproductive to try to negotiate overly specific, quantified long-term targets and that some leeway should probably be given to various countries. In my opinion, that shows that you want to change the framework. I would first like to know whether you are in fact proposing to change the framework in order to potentially get the United States to sign on.

And then I would like to know what you mean by not setting overly specific, quantified, long-term targets. Does that mean that

there should be no setting of targets whatsoever, or that countries should be given some leeway in relation to the targets set under the Kyoto Protocol. I'd like you to give us more details about that.

• (1130)

[English]

**Mr. Elliot Diringer:** Perhaps I should begin with another clarification, and this stems from the use of the word “framework”. We have at present two international climate agreements, the 1992 UN Framework Convention on Climate Change, and the Kyoto Protocol, which was reached within the framework.

When I use the word “framework” in terms of a future framework, I mean it to be with a small *f*, whereas the UN Framework Convention, the 1992 convention to which 180 countries are party, including Canada and the United States, is not something I am proposing to revisit or to change. I think any of the concepts that I have suggested today for a future agreement would be possible within the UN Framework Convention.

So I think the fundamental principles and structure of the UN Framework Convention as agreed in 1992 are still valid and could serve as the basis for any agreement going forward. I do think, however, that changes would be required in the Kyoto framework in order for a grouping of major emitting countries to agree on commitments beyond 2012.

With respect to the question of a quantified long-term target, the 1992 convention establishes a long-term objective: stabilizing greenhouse gas concentrations at a level that avoids dangerous anthropogenic interference. That is not a quantified objective, however. There has never been any effort made within the formal process to define that objective more concretely in quantified terms.

It has been proposed from time to time that a more specific quantified long-term target be negotiated, that we establish a target either in terms of concentrations, perhaps 550 parts per million, or in terms of maximum temperature increase, perhaps two degrees above pre-industrial levels. These are ideas that have been advanced from time to time. What I am suggesting is that it would be a mistake to try to negotiate a specific quantified long-term target. These are not targets for individual countries; it would be the overall target for the collective effort.

My reasons for suggesting that it would be a mistake are twofold. First, despite the clear scientific consensus on the fundamentals of climate science, there are a great number of uncertainties in the science in trying to make calculations from human activities—from emissions, to concentrations, to temperature, to climate impacts on the ground—there are uncertainties at all these levels. Coming to agreement on a specific number would require that we somehow get past those uncertainties. But my sense is that, in a negotiating context, each of those uncertainties is an opportunity for debate—and with so many uncertainties, perhaps endless debate.

Also, in fixing a specific number for a long-term target, you are essentially determining the size of the emissions pie. You are determining a maximum number for cumulative emissions over the long term. While from a policy perspective that would be very helpful, because then we could work backwards from that and calculate allowable emissions and allocate those emissions, from a political perspective I think it is difficult for governments to agree on the size of the pie if they have no assurance as to what size their piece of the pie will be.

So I think, both from a standpoint of scientific uncertainty and from a political negotiating standpoint, it would be difficult, if not impossible, to negotiate a specific target. Frankly, it could be counterproductive because it could divert and exhaust what negotiating capital we have available. I think it would be better to invest that negotiating capital in focusing on what can be done now.

• (1135)

So I'm not referring to the types of targets that might be taken by individual countries in the near or medium term. Certainly our discussions allow for the possibility of individual countries taking on specific, quantified—potentially even absolute and binding—targets, as you have under Kyoto. In fact, it's very difficult to imagine an effective emissions trading system without some countries at least taking on binding targets.

**The Chair:** I regret that we're out of time. I'll come back to Mr. Simard as we get back in the next round.

I wonder if we could go into our regular order now with the committee. We'll go to Mr. Jean, so Mr. Jean will get back into that order.

Okay, Mr. Jean.

**Mr. Brian Jean (Fort McMurray—Athabasca, CPC):** Thank you very much, Mr. Chair, and thank you, sir, for coming today.

My question, first of all, and this is asking more for your opinion than otherwise, is why do you think the U.S. has not taken the Kyoto role so seriously and signed onto the treaty, in essence?

**Mr. Elliot Diringer:** If we go back to 1997, to the time the protocol was negotiated, I think a fundamental disconnect developed between the international climate policy being pursued by the administration at that time and the domestic climate policy—or perhaps more accurately, lack of domestic climate policy. The United States felt compelled by external pressures and environmental pressures to negotiate an ambitious target in Kyoto and to agree to that target. However, at the same time, the administration did not initiate the kinds of domestic policies, or even the domestic debate, that would have been necessary to put the United States in a position to be able to meet that target. In essence, the U.S. was in a position of promising abroad what it was not able to deliver at home.

So as more time passed, with so little action being taken domestically to initiate climate policies, it in fact became more and more difficult for the U.S. to even contemplate the possibility of meeting the target it had negotiated. So at the time that President Bush came into office, I think frankly it would have required fairly drastic measures to put the U.S. on course at that point to meet its Kyoto target.

Now, one alternative might have been to have sought to renegotiate that target and enable the U.S. to in fact ratify the protocol, but that was not the course chosen.

At this point, I would not expect to see the U.S. ever come back to the protocol, not only because the U.S. is not in a position to meet its target, but also for other reasons. At this point within the political dialogue on climate change, Kyoto has become thoroughly demonized, and I'm afraid that any agreement bearing the name Kyoto would probably be dead on arrival in Washington.

**Mr. Brian Jean:** How close, then, would you suggest the U.S. would be to implementing the spirit, if not the terms, of Kyoto at this stage?

**Mr. Elliot Diringer:** I would say that over the past four years we have finally seen a genuine debate emerge over what the U.S. is prepared to do to address climate change. I think one of the consequences of the U.S. withdrawal from Kyoto was that it actually helped give this issue a higher profile with the public, with the media, and within the political dialogue.

For instance, we have seen dozens of legislative proposals introduced in Congress over the last four years. Prior to that there had been virtually none. You may be familiar with legislation called the McCain-Lieberman bill, which was introduced a couple of years ago. This was the first bill introduced in Congress to establish a mandatory limit on greenhouse gas emissions in the United States. The bill has been brought to a vote once in the U.S. Senate, and had the support of 43 senators, which was actually more than was expected its first time out. Senators McCain and Lieberman have said they intend to bring it back for a vote again when that opportunity presents itself.

In the meantime, other legislation has been proposed. Senator Hagel of Nebraska, who you may recall as a co-author of the Byrd-Hagel resolution, recently introduced a package of legislation, and will be holding hearings on that.

But I also think it's important to look beyond Congress and the administration in Washington to get a clear picture of how this issue is developing in the United States. Most of the stronger action is taking place at the state level. A number of states have adopted policies or taken other actions—some of them targeted specifically toward climate change, but some motivated by other objectives—that are all contributing to reducing greenhouse gas emissions or emissions growth.

California, for instance, has enacted some very strict auto standards limiting greenhouse gas tailpipe emissions. The north-eastern states are presently developing a regional cap-and-trade system for electric utilities. I think the momentum will continue to build at the state level.

Also, within the private sector we continue to see growing support from major corporations for stronger policy. There was an announcement just recently from General Electric of a new initiative they call Ecomagination. Essentially General Electric has declared that it sees opportunities for itself in a carbon-constrained future, and it is encouraging government to take stronger action through policies to help develop that future.

So on many fronts you see not just growing interest in this issue, but growing activity and support for the kinds of policies that ultimately will be needed for the U.S. to reduce its emissions.

• (1140)

**Mr. Brian Jean:** I actually thought maybe it had something to do with the cross-jurisdictional policies of the U.S. with federal and state legislatures. I wasn't sure why it wasn't adopted. But it seemed you were describing Canada, with your terms of unrealistic approaches and the aggressive position we've taken up until the adoption of the legislation. I think from your facial expressions I can see you agree.

My next question is specifically on your flexible approach. Quite frankly, from my perspective, being from Canada, it seems an unfair target itself. It's just that no consideration is given for some of Canada's specific needs: 20% more driving necessary for Canadians than for those other countries, 1.1 person per square mile, a cold climate, and a natural resource economic base. Are these some of the things you're thinking of in your flexible approach?

**Mr. Elliot Diring:** What we've been looking at primarily are the different forms commitments might take. Within Kyoto you have a certain degree of flexibility. Different countries took different target levels. Some even had growth targets. So that is where Kyoto provides its flexibility. Countries were able to put forward arguments, based on their specific national circumstances, as to why a certain target level might be justified for them.

I'm suggesting that in a future framework you would want even further opportunity for differentiation. So some countries might take on a certain type of commitment, and other countries might take on a different type of commitment, but even within those commitment types you would still have room for further differentiation.

I think one thing that has changed since 1997 is that governments have really taken a much closer look at this issue, and have a much finer appreciation for the challenges and their specific national circumstances. They would probably be in a much better position to negotiate, with a view toward their specific national circumstances. So I think we want a framework that allows each government to find a way to align its national interests with the global interest.

**Mr. Brian Jean:** Absolutely.

I have a final question, if I may, Mr. Chair.

You deal with mitigation and you speak of it in all approaches. I understand that. I think it's commendable. But I am concerned—and I think it will be addressed by some of my colleagues here—by the voluntary basis. It seems that most of your premise is based on volunteerism with each country; at least from my perspective, it does, reading your paper. I am concerned with that.

I'm also concerned with the objective testing method that is utilized to do spot checks on countries that don't comply. For instance, we have Canada, which I think for the most part is very intent on being a good global citizen, but some other countries that will go nameless seem to be less cooperative on a global scale and to be using the system more for their own economic benefit rather than for the common good of all mankind, or personkind as the case may be.

• (1145)

**Mr. Elliot Diring:** I'm happy to clarify this point, because I don't mean to suggest that we are looking only at possibilities for voluntary approaches. Actually, I don't recall using the word "binding", but certainly among the elements I described we envision binding commitments.

For instance, under "targets and trading", I did mention a no-lose target that would be non-binding, but other forms of targets would in fact be binding, like the Kyoto target. Under sectoral approaches, you might have voluntary approaches but you would also want to have some binding approaches, and the same under the sustainable development policies.

It's my personal view that we are not likely to see governments undertaking efforts on the scale necessary through purely voluntary approaches. I think we will need negotiated, binding commitments in order to launch the kind of comprehensive, long-term, international effort that's necessary.

**Mr. Brian Jean:** Can you comment very briefly on my question on the spot-checking for countries after the implementation?

**Mr. Elliot Diring:** Actually, we've not focused very directly on compliance questions because I think the nature of compliance, to some degree, flows from the types of commitments you decide on. The Kyoto Protocol establishes a certain type of compliance procedure. One thing I did mention was a pledge and review system where if you allowed countries to pledge measures you would have periodic reporting and review as a way to cast a spotlight, if you will, on their efforts.

This is a very difficult issue for sovereign governments, just the degree to which they are willing to submit themselves to some kind of binding compliance procedure at the international level. It's not an issue we have focused on very closely at this stage.

**Mr. Brian Jean:** Thank you very much for your time.

**The Chair:** Thank you, Mr. Jean.

We'll now go to Mr. McGuinty.

**Mr. David McGuinty (Ottawa South, Lib.):** Thank you, Mr. Chairman.

Welcome, Mr. Diring.

The United States used to have a President's Council on Sustainable Development under President Clinton and Vice-President Gore. The PCSD was a virtual copy of Canada's National Round Table on the Environment and the Economy. In fact, Vice-President Gore sent a team to Canada for three months to study the NRTEE and to copy it.



I understand that the Pew Center may be the closest example of a dialogue-fostering organization in the United States, where competing interests come together and hash it out, and try to come up with some semblance of consensus, or at least an understanding of where the differences lie. You've talked about your own dialogue process here, which is continuing through September. Is the Pew Center the closest thing to this kind of structure in the United States today?

**Mr. Elliot Diringer:** I suppose I'd like to think that on the issue of climate change, yes, but we focus only on the issue of climate change. There are other NGOs, the Aspen Institute comes to mind, which do convene dialogues, bringing together policy-makers and stakeholders of various types around specific issues, environmental issues and other issues. Recently there was a commission funded by several foundations called the National Commission on Energy Policy, which brought together a bipartisan group, a wide range of business and labour perspectives, environmental perspectives, and took a very comprehensive look at federal energy policy and came forward with some recommendations there.

I'm not aware of anything like your national round table here, and the president's commission that you described was a time-limited commission and has since been disbanded. So I'm not aware of anything, either within the federal government or outside the federal government, that has such a role, although there are different organizations that play that role on different issues at different times.

• (1150)

**Mr. David McGuinty:** Is the White House Council on Environmental Quality seized of the climate change issue?

**Mr. Elliot Diringer:** James Connaughton, the chairman of CEQ, speaks frequently on the issue. That is the environmental policy office in the White House. I don't know how much policy work is going on within CEQ. It's my perception that the administration went through a policy development stage, announced its policy three years ago, and since then has not focused on it very intensely. It does not seem inclined to revisit that policy.

**Mr. David McGuinty:** I was very taken with your presentation. In your first, second, third, fourth, fifth and sixth elements, I was struck because the second, third, fourth and fifth are the foundations of Canada's climate change plan. We would take exception to the first. As Mr. Bigras pointed out, it's not simply a question of an aspirational long-term goal. It's also a hard percentage reduction.

I don't want to go back to the question of whether we should have aspirational long-term goals or fixed goals. That's an international issue that continues to be debated. The Japanese, for example, would argue, "Give us our targets. We'll make our best efforts. Now leave us alone." I want to talk to you about NAFTA. You refer to the connection between industrialized and emerging economies. I want to talk about the fact that 88% of Canadian exports are now going into the United States, that we provide for a modicum of energy security under NAFTA, and that we have a North American Energy Working Group between Canada, the United States, and Mexico. However, under NAFTA, whether it's the work of the Commission for Environmental Cooperation in Montreal or the new North American Energy Working Group, there seems to be little discussion between these three countries. They represent a neat continental package of two industrialized countries alongside an emerging economy.

Isn't there an opportunity for us to dig deeper and wider on a NAFTA basis to look at a continental response to greenhouse gases? How might it be received in Washington if the Government of Canada were to proactively seek out an expansion of the North American Energy Working Group to include a greenhouse gas response?

**Mr. Elliot Diringer:** One of the issues that has run through our consideration of the post-2012 options is the question of venue or forum—what is the most appropriate forum for trying to organize future international efforts? This is a sensitive issue. There are many parties who, for a wide range of reasons, feel a strong allegiance to the framework established in 1992 and would not want to encourage efforts outside the framework.

I think, though, that there's a growing recognition that complementary efforts taken outside the framework are not only helpful but essential, that efforts in those venues may be likely to advance understanding, and that they may ultimately be brought into the framework convention. NAFTA could serve as one of those venues. I know that there has been interest here in Canada in exploring that possibility for some time. I have never detected much interest, frankly, in Washington in looking into that possibility. I don't know whether this is a disinclination to support stronger efforts on climate change generally, or whether it's a disinclination to explore that particular forum.

Given the obvious economic links, and the fact that we're connected to large developing country, I think there are opportunities to be had. I would want to ensure, though, that any such efforts are not undertaken or perceived as an alternative to a comprehensive approach within the framework convention. I think the critical mass of countries necessary for a serious, sustained, long-term effort cannot be achieved strictly on a regional basis. It more than likely will have to come back within the framework convention.

• (1155)

**Mr. David McGuinty:** Aren't we seeing around the world many precedents where trading blocs are creating, as you described—and I'm putting words in your mouth—ancillary efforts that are supportive of our international targets and the framework convention? Isn't the European Union moving precisely in that direction? Everything that it's doing is buttressing its obligations for the 24 or 25 nation-states. Isn't CARICOM looking at this? Aren't the South American trading blocs looking to achieve GHG reductions that are perfectly symmetrical with our international framework convention?

It seems to me the extent of economic integration in North America almost cries out for a continental response. The question I want to put to you is can you see anything that would be designed on a NAFTA basis that would undermine or would work asymmetrically with our international framework convention?

**Mr. Elliot Diringer:** I think it certainly would be possible to design it to be fully compatible. Clearly, the efforts in Europe are a prime example of a regional effort that has been undertaken not only compatibly with the international effort, but is even establishing the leading edge in that international effort.

I would say, conversely, the Bush administration has undertaken a variety of diplomatic initiatives on climate change. These are not organized typically on a regional basis, but they bring together groups of like-minded countries. Most of them focused on science and technology, long-term research and development. There you have examples of efforts being organized outside the framework convention that might in fact be complementary, but in my view don't rise nearly to the level of the kinds of policies and efforts that are taking shape within the European Union. I think there is some risk that efforts organized outside the framework convention could, over the long term, sap energy from that process rather than contribute energy to it.

**Mr. David McGuinty:** In closing, it's a mystery to me. The last time I looked, our land masses were contiguous, our watersheds were contiguous, our oceans were contiguous, and our airsheds were contiguous. I'm having some difficulty understanding why there is such resistance in a particular administration in Washington when there are huge efforts made to secure energy security on a continental basis. We're looking at biological integrity and park integrity on a continental basis. We're looking at ocean integrity on a continental basis. But we're not looking at it on a greenhouse gas basis. It's a little mysterious.

**The Chair:** Maybe Mr. Cullen would like to follow up on some of those themes.

Thank you, Mr. McGuinty for those comments and questions.

Mr. Cullen.

**Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP):** Thank you, Chair.

It's quite a responsibility to follow up on that profound line of questioning. I think I might take a different approach.

Mr. Diring, I'm wondering what would you cite as the one or two key elements that would be required in a new negotiation—we're talking post-Kyoto—for the U.S. to be more enthusiastic about surviving through the process. I mean, for the Americans, there was no arm-twisting; it was a freely decided upon target and process that they chose in the Clinton administration, which was then later rejected. What would be required under the current regime that you see in Washington to allow them to enter into that debate and result in something more progressive?

**Mr. Elliot Diring:** I'm sorry, under the current administration...?

**Mr. Nathan Cullen:** Actually, I'll reframe the question. Maybe I'm asking it in the wrong way.

**Mr. Elliot Diring:** It will make it easier to answer.

**Mr. Nathan Cullen:** Frankly, Kyoto has become a four-letter word in your country in the general political debate that I see. Are there certain elements in a post-Kyoto agreement that the U.S. would need to see under the current administration to allow them to sign on? Are there one or two elements that are essential to their rejection of the initial Kyoto?

**Mr. Elliot Diring:** I can describe the reasons that were cited by the administration in rejecting Kyoto. Basically, they were the lack of developing country commitments and the perceived harm to the U.S. economy.

I have a hard time envisioning a scenario under which this administration would be willing to entertain a binding treaty under the framework convention. It's difficult for me to identify those elements that could succeed in bringing the U.S. under this administration into the fold.

• (1200)

**Mr. Nathan Cullen:** There are two lines of reasoning that don't match.

You mentioned earlier that economic uncertainty was not an excuse for an action. I'm somewhat confused by some of the testimony we've had from some of the large final emitters. Some of the largest industries in our country that have described going through an efficiency process under the concept of Kyoto realized greater efficiencies at the bottom line, and have found the whole process to be rather productive and good for business. Yet there persists this notion that in order to make adaptations to the business regime, one part of the sector will be put at an unfair disadvantage compared to the sector in another country that isn't following Kyoto. I remain confused on this. Within your action group, your BELC group, do you see this coming to light—that companies are understanding more and more that these modifications are not detrimental to their business?

**Mr. Elliot Diring:** I think I see the contradiction that you're highlighting.

The companies that we work with that have undertaken voluntary efforts to address their own emissions have in fact discovered great economies. Some of them have realized significant savings as a result of these emissions reduction efforts. But at the same time, I think some of them are willing to go only so far without assurances that their competitors will also be heading in that direction.

The economies realized in the initial stages can't necessarily be projected forward. If they choose, or are required, to make deeper emissions reductions, they may not realize those economies at that stage. There's a lot of low-hanging fruit and a lot of companies can do a lot to reduce their emissions either at zero cost or at a net savings. But at a certain point, you do actually start to run into some costs. While you might be able to justify those costs in a macro sense in terms of avoiding climate impacts, at the firm level those are real costs. It's difficult for a firm to voluntarily take those on. That's why they're willing to go to a certain point, but would like to see government policy to ensure that their competitors are coming along with them. That's true whether within a government, or across nations.

**Mr. Nathan Cullen:** So this is leading towards business certainty and to knowing what to expect down the line.

You mentioned the country-wide approach versus the sectoral approach for these types of considerations. I'm wondering, particularly for those businesses that must compete on a global if not just an international scale within this continent, whether it behoves governments to approach this sectorally and allow for that business certainty of knowing that these modifications will result in greater competitiveness because the business's competitors overseas will have the same challenges.

**Mr. Elliot Diringer:** There are trade-offs in all of these. One of the big advantages of an economy-wide approach is that it affords you great flexibility in terms of where to achieve your reductions so you can take full advantage of the most cost-effective reductions. If it turns out that your cheapest reductions are in the land-use sector, you can go there. If it turns out they're in transportation, you can go there.

One of the trade-offs in going to a sectoral approach is that you may sacrifice some of those cost-effectiveness opportunities. But as you're saying, one of the real advantages of the sectoral approach is that it does ensure a more level playing field across a given sector. For instance, say we're talking about the aluminum sector. It provides assurance to your domestic aluminum producers, assuming you get this on a global scale, that their global competitors are not going to be at an advantage. However, when it comes back to the domestic political calculation, aluminum might say, why are you coming after us and you're not going after steel? So to go at it sector by sector raises those types of fairness issues as well.

• (1205)

**Mr. Nathan Cullen:** I'm wondering, though. With the recent move to mergers and acquisitions and globalization—you mentioned steel or aluminum, and there are in some cases a few dominant players, in the global perspective—it seems to me, when we approach it from a country perspective only, that those sectors of the industry with greater political weight, through concentration of seats in the Canadian perspective, are able to.... We've seen with the Kyoto plan that exists within this country much less of a burden than was expected on the large final emitters and much more put towards the average citizenry—who contribute much less, in a sense—because they're not a unified group and don't lobby government as a group, other than at the ballot box, which is a confusing place to eventually end up in.

I get concerned with the country-wide approaches when it comes to something like large final emitters, whereas I can take a look at the aluminum industry as an industry—to pick on them for a moment—and say there would only be a few key players. I'm reflecting back on some of the progressive moves that have been made in the forestry industry, where the environmental groups went after some of the larger players first and the other ones fell into line concerning more progressive logging practices, as an example.

Within your group of business leaders, is there any potential towards that? It's consistently rolled out at this committee: if you do this within Canada, you're not doing it in India and China, and certainly not the U.S.; therefore, you're putting us at a disadvantage, so let's do nothing instead, or very little.

**Mr. Elliot Diringer:** I would cite another example in the Canadian effort, and that's the agreement struck with the auto industry. That, I think, is an example of at least at the national level a sectoral approach. One of the possibilities we look at is expanding that kind of approach on a global scale. One of the real advantages, as you're citing, is that you reduce the number of players at the table.

With fifteen countries and maybe a dozen companies, you could encompass probably 85% of the global auto market. With such a small number of players, you can greatly ease the negotiation, at least from a complexity standpoint. As you say, if you have an

economy-wide target, it enables a government to shield a particular sector, which then creates a competitive imbalance.

Among the businesses engaged in our dialogue process, I actually have not detected a great deal of enthusiasm for sectoral approaches, but the options have stayed on the table. In particular, people in the power sector have a hard time envisioning how it would work. This is not a sector where you have a lot of global competition or trade, and circumstances vary quite a bit from country to country with different types of fuel sources. They think it would be very hard to come up with a sectoral approach on power.

I think it's much easier to envision on auto, but the kinds of objections I hear are questions such as what about power; what about consumers; what about energy-intensive manufacturing? When you zero in on a sector, you run into some resistance of that sort.

**Mr. Nathan Cullen:** I can imagine.

**The Chair:** That's your time now, Mr. Cullen. Thank you.

We'll go to Mr. Mills, for five minutes.

**Mr. Bob Mills (Red Deer, CPC):** Thank you. I apologize to our guest for being late, but I was otherwise detained.

There are a couple of questions I might ask. I hope they haven't been covered; if they have, please tell me. First of all, when we look at our green plan we don't see any real mechanism by which we're going to hold accountable the mechanisms for domestic carbon credits. I wonder how we're going to do it when we're in the position of buying foreign credits. How would you foresee us being able to monitor those so that they're green?

**Mr. Elliot Diringer:** To ensure that the credits that are produced domestically...?

**Mr. Bob Mills:** No, I'm thinking largely internationally. I don't see how we're going to monitor them domestically. So my question is, how would we ever monitor...? When we say these credits are going to be for green projects internationally—let's say they're in the Ukraine or in Russia or wherever—how are we going to monitor, or how could any other country monitor that they're in fact getting a green response; in other words, helping the environment and not just buying hot air?

• (1210)

**Mr. Elliot Diringer:** Well, under Kyoto, there has been established the clean development mechanism, and there's been quite an apparatus created to review projects, approve them, and verify that the credits being granted are real.

Now, there have been a lot of complaints as well, both from businesses and from prospective host countries, that this apparatus is overly bureaucratic and that approvals are not coming as quickly as necessary. I don't mean to suggest this is as yet a perfect system, but I think that once that system is up and running, you can have reasonable assurance that credits purchased through the CDM in fact represent reductions or at least avoidance of emissions.

With respect to countries that are not developing countries and therefore could not host CDM projects, this is not an area we've explored very closely in our work, but I know there are others who have investigated and proposed various types of agreements that can be struck government to government to ensure any proceeds from the sale of allowances or credits are reinvested in green projects. I think that's a matter of negotiation between governments, and as part of that negotiation, I would think you would want to establish whatever mechanisms you feel are necessary to verify and to monitor.

**Mr. Bob Mills:** All of us would look at the UN and ask how effective it can be. If we look at the Iraq situation, we see that obviously didn't work very well. The potential for corruption, the potential for bureaucracy, and all of those things seem to be reasons we might not be able to monitor these projects. And of course there's the politics of it, with other countries not wanting interference by the buying country. I'm not quite as optimistic as you might be that in fact this is feasible or will happen.

But let me go on. One thing I've heard from the G-77 is, hey, we're not interested in getting involved until you guys all live up to your commitments. In other words, they say if Canada doesn't achieve its 6% below 1990 and if Japan and most other countries don't achieve what they're heading for, we're not interested in negotiating beyond 2012.

We're not going to hit our targets. Right now we're not going down, we're going up, and many other countries are the same way. If you talk to European politicians, they'll tell you they're going to have great difficulties. Japan says they'll have great difficulties. So how are we ever going to involve these developing countries when in fact they have that message?

**Mr. Elliot Diringer:** I was in Bonn a couple of weeks ago for another round of climate talks. On this occasion governments convened something they called a seminar of governmental experts. This was an attempt to create some space within the formal process to allow for an informal discussion both about present efforts and about possibilities in the future.

Some of the presentations from developing countries were of the type you described, essentially emphasizing that they are not prepared to undertake commitments until the developed countries have fulfilled their commitments, but that was not a uniform view. Some developing countries put forward specific ideas about how future commitments might be structured and in fact called for a Montreal mandate, for some decision in Montreal later this year to initiate a new round of negotiations.

So I think it's a mistake to look at the G-77 as a monolithic structure. There is a very wide range of interests within the G-77, ranging all the way from the small island states to the OPEC countries, and those two examples, frankly, have almost diametrically opposed views on some of these issues.

It's important to recall that there was a bargain struck in 1992 between the developed and developing countries. There was a recognition that as a matter of fairness developed countries should take the lead. There was some perhaps unspoken expectation that if and when the developed countries did take the lead, the developing countries would assume their responsibilities as well.

If the developed countries fall short, I would have to agree it will be very difficult to expect or to achieve stronger action by developing countries. But I think that if developed countries continue and strengthen their efforts and are able to make progress toward their targets, a growing number of developing countries will actually come to see it's in their self-interest to join in that effort, and over time, hopefully, we can build a fully functional global effort.

• (1215)

**The Chair:** These are five-minute rounds now.

Mr. Wilfert, five minutes.

**Hon. Bryon Wilfert (Richmond Hill, Lib.):** Thank you, Mr. Chairman.

I noticed at the beginning that you commended us for our support of the protocol. I know our Department of the Environment has been in contact with your centre—probably with you—in terms of the action plan on climate change we released back in April. I wondered if you would provide any thoughts on the tools we selected in terms of the action plan, in terms of your evaluation, and in terms of how you suggested it's probably one of the most, if not the most, aggressive plans of the G-7 in terms of dealing with the targets we are committed to.

**Mr. Elliot Diringer:** I am generally familiar with the plan. I have not studied it in detail, and we certainly have not analyzed it. It strikes me as a serious attempt to put in place the elements of a strategy that would position Canada to achieve its Kyoto target.

I was struck by the heavy reliance on the purchase of credits. It appears to me that what the government has proposed doing is creating a market, but whereas conventionally we think about doing this by establishing limits and then enabling emitters to trade among themselves, this plan relies much more heavily on public funding to create the demand.

One question to be considered is whether there is or will continue to be sufficient political support in Canada to sustain the levels of public funding that will be necessary to drive that market. The priority is to drive that market domestically and, if necessary, to go outside Canada to purchase credits. I would fully expect that at some point you would be looking at the international market, that even with sufficient public funding you probably won't find sufficient credits domestically that are below the global price.

**The Chair:** Thank you.

We'll go back to Mr. Simard.

[*Translation*]

**Mr. Christian Simard (Beauport—Limoilou, BQ):** Thank you.

I will come back to the critical elements later, but there is one subject that I find particularly interesting in your text. It has to do with compensation for countries suffering the effects of climate change or climate disaster. You contemplated two levels, if I recall your presentation correctly. The first is for the poorest countries. A special fund is contemplated with the various development banks coming to the assistance of these countries in case of climate disaster. For countries in transition, you are instead proposing some form of insurance.

What kind of reaction is that idea getting? How could that be implemented in practical terms? How does one determine that a disaster is directly related to climate change? Would there be disputes, litigation? I'd like to hear more from you about that.

[*English*]

**Mr. Elliot Diringer:** These are all very good questions.

I would note first that in our research it's become quite apparent to me that the thinking on mitigation approaches is much more developed than the thinking on adaptation. We haven't yet caught up on the adaptation question. This is true of the research generally, and it's true within our own work as well. What I have proposed here, I would suggest, are broad concepts at this stage, and we by no means have developed a working model with all the details filled in.

I think, though, that one possibility would be, either within an existing international institution or through a new international institution, to establish an agreement whereby donor countries commit to regular funding at a given level. Presently, when there are natural disasters, donor countries come forward with money, with assistance, but this is reactive and it requires some time before the response appears. Alternatively, if donor countries agree to a regular stream of funding, agree to commit set amounts periodically, then you can establish a fund that would be available when a disaster happens to provide that assistance.

As you noted, what I had suggested was a two-tiered system, where it would be assistance for the poorer countries and some form of insurance, if you will, for the better-off developing countries. In terms of the insurance, I think it would be good to explore the possibility of involving the private insurance sector in such an approach. The donor countries might provide the necessary funding, but you might prefer to have the insurance industry actually administer the program, and the idea there would be to offer different types of climate-related insurance. Some might be for crop losses resulting from prolonged drought; some might be for impacts in coastal areas from rising sea level. This would really need to be explored much more fully, the different types of instruments you would use, the types of insurance you would offer, and the types of rates that would be made available to countries.

One potential advantage of an insurance approach is that it can be used to encourage these countries to undertake proactive adaptation efforts. If they adopt adaptation strategies, then perhaps they get a lower premium for their insurance.

●(1220)

[*Translation*]

**Mr. Christian Simard:** Thank you.

Now, I might just rain on your parade. There is a part of your presentation that I didn't understand so well.

I understand that the idea of the compensation and insurance funds would have to be fleshed out. It is definitely an important idea.

I see some similarities between the Canadian plan and some of the principles that you are putting forward. My question has to do with the results. You made some reference to a flexible architecture. However, we need results. We have to halt climate change.

In Canada, in the action plan, there are measures like the flexible architecture, taking competition among countries into account, a lot of understanding of different targets for different industries, even if it is inequitable in the absolute, to ensure that we are all making progress at our own pace. But to date, these measures have not produced tangible results. After a few years, we are still at only 28 per cent of the target. We have exceeded the 1990 emissions level by 20 per cent. We have not reduced emissions as we had committed to do under the Kyoto Protocol.

We also note that when voluntary approaches have some success, as in the automobile industry, it is because the United States has regulated. We take advantage of their regulation in adopting a voluntary approach in Canada.

Is it actually possible to continue developing the technology of heavy emissions industries instead of mainly helping energy efficient industries that emit very little in the way of greenhouse gases? I don't understand how we can favour industries that pollute in order to promote competition and not reorient economies, through regulation or compulsion, toward cleaner sources.

I find that there is some wishful thinking, good intentions, in your analysis. However, I fear that few results will ultimately be achieved.

●(1225)

[*English*]

**Mr. Elliot Diringer:** I think in the final analysis our efforts only will achieve concrete results and results commensurate with the challenge if there is sufficient political will. I think we have not yet seen sufficient level of political will develop in the United States, and that may be true in other countries as well. My perception is that within the European Union, at least at this stage, there is sufficient political will to drive efforts that are putting the EU as a whole reasonably well on track to meeting its commitments

If and when sufficient political will materializes obviously depends on a host of factors—electoral politics, media attention, the weather. I think if we better understood what was necessary to generate the political will, many of these issues that seem so difficult would suddenly seem much easier. While on the one hand we are engaged in a somewhat theoretical policy discussion and are bringing together policy-makers and stakeholders to explore possibilities, that is with the full understanding that none of these possibilities will be realized until the populace—the public—becomes more directly engaged in these issues and sends the message to the people in this room and to your counterparts elsewhere that this is a serious issue that requires stronger action and it is time.

**The Chair:** Thank you for those questions.

We'll finish, I think. We do have a steering committee meeting. Unless there are members who want to ask a final question, we'll set our target in place that will bring this to a conclusion.

Mr. McGuinty, if you'd like to lead in....

**Mr. David McGuinty:** Thanks, Mr. Chairman.

Mr. Diring, the Montreal meeting is coming very quickly. As the host government whose Minister of the Environment is presiding over the meeting, can I put you on the spot and talk a little about your 39 BELC members, and more importantly, what you describe as your off-line dialoguers from 25 different organizations and countries? If you were to try to speak to a consensual position, what do those actors want to see emanate from the discussion in Montreal?

**Mr. Elliot Diring:** I'm happy to be put on the spot, but I have to begin with some caveats. I can't really speak for the 39 companies and I can't speak for the 25 participants in the dialogue. Speaking for the Pew Center, I think one critical thing we need in Montreal is a decision to initiate a process—a forward-looking process that engages governments in actively exploring the post-2012 possibilities.

I would not anticipate there would be sufficient agreement for something as strong as a mandate, but I think there would be for something that at least sets in motion a process that would have governments individually and collectively explore the possibilities and the next time they're together discuss them further. I think that's critical. What we're doing in our dialogue process is looking at those possibilities, but that will remain a theoretical exercise until there is a formal process, an intergovernmental process, to actively consider those with an eye toward real negotiations at some point in the future.

One question is whether that process is launched under the Kyoto Protocol or whether it's launched under the UN Framework Convention on Climate Change. If it's under the framework convention, there's at least the possibility of broader participation, but it would require the agreement of all the parties to the framework convention to launch that process.

• (1230)

**Mr. David McGuinty:** In 1992 I had the privilege of attending the Rio Summit. Wearing three different hats, I was able to navigate through a process where three groups were speaking in soliloquy: the business CEOs were meeting in one location; the intergovernmental process was in a second location; and the NGO forum was yet in a third location. That's going back now almost 14 years. We've come a long way in 13 or 14 years.

What can we do as convenors of this international intergovernmental meeting to demonstrate that there's a whole new level of maturity and understanding among those three groups of actors in the global setting today? Should we be looking beyond the mere accreditation of NGOs and their participation? Do you anticipate the same level of antagonism playing out from different parts of the world? What can we do from a process point of view to improve and reflect the progress we've made in breaking down barriers and in

fostering understanding, and to remind everybody there's only one atmosphere?

**Mr. Elliot Diring:** I think that among the groups accredited to the process as observers, you probably have the full range, or nearly the full range, of views represented. Over the years, the side events taking place at these conferences have become more prominent and much richer. In recent years, in fact, a lot of people attending the conferences have felt as if the real value was more in the side events than in the conference itself.

I hope that's not the case in Montreal. I would hope that the level of dialogue within the process would be as rich as what takes place in the side events, but I think there will be many people coming who would like to be able to showcase the efforts they have under way. So I think that providing them opportunities to demonstrate the efforts being taken would be one thing of value.

Perhaps another thing that may be worth considering is some gathering during the ministerial portion of the conference, bringing together high-level representatives of government and business and civil society to engage in a dialogue together. As you say, it's one thing for them to be speaking and meeting independently, but I think there has been a lot of progress made in 14 years; I think there's a lot more mutual understanding on these issues. I think that one thing that's critical moving forward is closer engagements, particularly by the business community, in this process from the start. So I think that some form of high-level dialogue that brings those parties together could be quite valuable.

**The Chair:** Thank you, Mr. McGuinty.

Just on that last question, the committee has been looking at COP 11 as an opportunity for it to set some goals and objectives, so the thrust of that question, Mr. Diring, was to get some feedback. If you had any further insights or objectives that you might feel would be appropriate for the committee in terms of process, I'm sure the committee would welcome receiving those, if you could just make a note of them.

Mr. Jean, and then Mr. Cullen.

**Mr. Brian Jean:** Thank you, Mr. Chair.

Very quickly, while I note that you're the director of international strategies and that this question may not be within your field and is a little off topic, I'm interested in your opinion of the science. It's obvious that there is a result out there, that anybody with eyes can see that something's happening with our climate and that the result to humankind is amazing. But what do you think of the debate in relation to the science itself? We've had experts here on both sides, and I'd like to hear from you, if you don't mind.

**Mr. Elliot Diring:** My view of the science draws from the consensus established by the intergovernmental panel on climate change, which was largely endorsed by a panel of the U.S. National Academy of Sciences. Shortly after taking office, President Bush asked the NAS to take a look at the question of climate science. They came back with a report that concurred on the fundamentals—that warming is under way, that it is at least in part the result of human influences, and that continuing in present trends, we can expect more and worse.

Granted, there are significant uncertainties. Significant uncertainties do remain in the science, and it's important to continue the research efforts that will help narrow the range of uncertainty. I think that in the United States the debate has been portrayed or perceived as more fractured than it really is. There's a tendency to see some scientists on this side and some scientists on that side; in fact, most scientists are on one side, and a handful are on the other. I'm not sure to what degree that is mirrored here in Canada, but my perception is that in most of the world, the scientific consensus is accepted. I think that, by and large, the fundamentals of the science are accepted within the American public, but within the political culture there continues to be the perception that there's an even split within the scientific community, so we have some more work to do there.

• (1235)

**Mr. Brian Jean:** You said that in part it's caused by human development. Has there been any speculation as to the percentage? I know that's a very difficult question, given what we've got in front of us for evidence.

**Mr. Elliot Diringer:** I'm sure there's been plenty of speculation and probably even some very learned analysis. I couldn't venture.... I couldn't offer you any numbers. I know many scientists hold the view that it is largely the result of human activity.

**Mr. Brian Jean:** Thank you. And thanks very much for coming today.

**The Chair:** Thank you, Mr. Jean.

Next is Mr. Cullen.

**Mr. Nathan Cullen:** I have a quick question with respect to what we have perceived as the state-level success in taking on the issue of climate change in the U.S. as opposed to the federal level. I'm curious. We hear some 35 or 39 states, in some range, have progressed in meeting their own specific, set Kyoto targets, or something towards climate change. Could you comment first on that?

Second, what moves toward the use of the tax system have you seen in the U.S., either at the state or federal level?

**Mr. Elliot Diringer:** First, with respect to the numbers, I'm sorry I don't have information here with me to draw from to cite specific numbers. We have actually done a fair bit of work looking at what's happening at the state level. I think 35 to 38 might be the number of states with renewable portfolio standards, for instance—which aren't necessarily driven exclusively or primarily by climate concerns, but a growing number of states have those renewable requirements in place.

I'd be happy to forward some material that elaborates on the state-level efforts. I don't hear much interest in tackling this issue through taxes. One major exception was an announcement fairly recently by Duke Energy, one of the largest utilities in the United States. The company endorsed the use of a carbon tax as a means of addressing the issue. That was interesting to me—first, because the company was endorsing a mandatory approach, and second, because the instrument of choice would be a tax.

The tax proposal I think is largely out of the political mainstream, however. The conventional wisdom for some time has been that a tax is not the way to go. Very early in the Clinton administration there was a proposal for a BTU tax, which fell very heavily.

**Mr. Nathan Cullen:** Perhaps I could clarify the question. It's not so much in the simple imposing of new taxes on carbon or something, but a more progressive tax regime that offsets and highlights—promotes—those industries or those consumers who are making choices that are better for climate change.

**Mr. Elliot Diringer:** We do have a number of tax credits available—for instance, for wind power or for the purchase of hybrid vehicles—but that is pretty much as far as we've gone in terms of tax-based policies.

**The Chair:** Thank you.

Does anybody else have any questions? Mr. Bigras, you're fine? Okay.

Mr. Diringer, thank you so much for being here. Again, you can see by the questions that the committee is certainly grappling with a broadly based strategy in which you have also included the relationship of developing countries to this very important equation that will reduce greenhouse gases and carbon. We appreciate the insights that you've shared with us here today.

If there's any information that you would deem appropriate for the committee, both in terms of substance and process.... As I said, COP 11 is on the horizon in Montreal. We see that as a major opportunity to influence events, and if you have any further thoughts that you'd like to share with us, we'd appreciate that.

• (1240)

**Mr. Elliot Diringer:** I will certainly put some thought to that again. I appreciate the invitation and the opportunity, and I look forward to seeing some or all of you in Montreal.

**The Chair:** Thank you so much.

Members of the committee, that draws us to a close. We will have just a short steering committee meeting. The committee stands adjourned.







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