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**Chair**

**Mr. Alan Tonks**

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## Standing Committee on Environment and Sustainable Development

Tuesday, October 4, 2005

• (1535)

[English]

**The Chair (Mr. Alan Tonks (York South—Weston, Lib.)):** Good afternoon, ladies and gentlemen of the committee, and ladies and gentlemen who are here with respect to the committee's deliberations.

Today we have the Minister of the Environment and Sustainable Development, the honourable Mr. Stéphane Dion. Welcome. *Bienvenue*. We are looking forward greatly, Minister Dion, to your input to the deliberations today on a wide cross-section of issues, not the least of which will be COP 11, I am sure, and other questions that members of the committee may wish to raise.

I'd like to welcome your colleagues.

I'd like to welcome, on behalf of the committee, representatives from the Parliamentary Officers' Study Program. We have today representatives from the People's Republic of China; from the Hong Kong special administrative region, Mr. Yu Sung Lee. Mr. Lee, welcome to you. From Jamaica, from the House of Parliament, we have Ms. Valrie Curtis. Welcome to you, Valrie. From the Northern Ireland Assembly we have Mr. Denis Arnold. Welcome, Mr. Arnold. From the Pakistan National Assembly, we have Mr. Karamat Niazi. Mr. Niazi, welcome. From the Tanzania National Assembly, Mr. Damian S. L. Foka. Welcome; we're so pleased to have you. From the Thailand Senate, we have Miss Wannee Ketunuti. Welcome. From Trinidad and Tobago, from the Senate, we have Mrs. Jacqueline Stoute.

We're very pleased to have all of you here and we hope you find the deliberations interesting.

Thank you, members of the committee.

Now, Mr. Minister, as they say, the floor is yours. Once again, thank you for being here for our first meeting.

[Translation]

**Hon. Stéphane Dion (Minister of the Environment):** Thank you very much, Mr. Chairman.

I have been invited to tell the committee about the government's objectives for the Annual Conference of the Parties on Climate Change, sponsored annually by the United Nations. This conference will be particularly important this year, since it is the first time that the COP and MOP will be combined. COP is an annual meeting involving 187 countries, while only the Kyoto Protocol signatories, some 155 countries, take part in the COP-MOP.

These two forums will have to come together at an important time, since the Kyoto Protocol will be implemented. There will be voting on the rules to insure that Kyoto will operate properly. It is also a time to bring together the countries involved in the protocol and all of the countries that are part of the convention, including those that are not members of the protocol. It is also a time to realize that the serious consequences of climate change on our planet are higher than ever.

Canada was encouraged to agree to this conference by a large number of countries that, as usual, consider us to be a good international citizen capable of establishing the relationships that are necessary.

Therefore, in my introduction, I would like to briefly summarize the main objectives that we are seeking after having heard the opinion of more than 50 countries during the bilateral meetings that we held throughout the world, as well as at an informal meeting that we held two weeks ago in Ottawa, where there were some 140 bilaterals, a number of multilaterals, and seminars, etc. I attended these meetings with the deputy minister, some officials and the ambassador responsible for climate change and the environment.

• (1540)

[English]

The way to sum up would be to say that we have three "i"s that we want to achieve. It works well in English, but not in French. The first one is implementation, the second one is improvement, and the third one is innovation.

About implementation, what we need to implement is, bluntly, the convention plus the Kyoto Protocol from Montreal. The first order of business will be the adoption of the decisions that have been waiting for the session we will have in Montreal, especially the Marrakesh accords that will formally implement the Kyoto Protocol, because the Kyoto Protocol is not implemented on a legal basis now.

These decisions include the core elements of Kyoto, its 19 decisions. That's not done. We have 189 countries that have to agree, because the rule is consensus, which is a diplomatic word for unanimity. A great deal of work was put into the development of these rules, and the adoption will be an important milestone. It's not done, as I have said. We have worked on this for the last five years. Hopefully, we will have these 19 agreements.

The adoption of these decisions will also allow for the initiation of joint implementation, which is a mechanism by which two countries that have a Kyoto target may work together to decrease emissions in both countries. It's an important step in the evolution of the carbon market.

There is also the issue of compliance. This is the last chapter of the basic Kyoto rules that will need to be resolved in Montreal. I'm confident the issue can be resolved to the satisfaction of all parties, but still, we'll need to work on it. Once this is done, this last political limit of Kyoto's initial architecture will be complete and the compliance committee will be in place.

Implementation also requires that progress be made on all the existing obligations for Annex 1 parties, and especially the three funds. I will work to make sure that progress is made to improve our collective performance in providing the technology transfer, the capacity building, and financial support that has been pledged.

This is for implementation, in a nutshell. But it's much more complicated than that.

Concerning improvement, there are different things we need to improve in order to make Kyoto work better. There are two especially that have been mentioned to me and to my officials everywhere in the world.

The first one is the clean development mechanism. The clean development mechanism is the mechanism by which a country like Canada may reach part of its Kyoto target by decreasing emissions abroad, in countries that don't have targets, such as Mexico, Brazil, or India.

The clean development mechanism is not working as it should for now. It's a bit cumbersome, a bit slow. We need to improve it, and if we are able to do it in Montreal, it will be a superb achievement. We are suggesting five improvements for the clean development mechanism.

The first one is the administrative structure of the CDM, the clean development mechanism. The executive board must be revised to reflect the changing needs of the market.

The second improvement is about co-benefits, the sustainable development benefits of projects. There are potential opportunities to promote projects with significant co-benefits in regions where not enough projects are currently being developed.

The third improvement we're looking for is accelerating the methodology approval and project registration process, which has been taking far too long.

Fourth, there is a rule of additionality, the fact that the clean development mechanism project may be accepted only if it's adding to what would have been done otherwise. Additionality is also an issue, and we need to clearly address it with all the countries.

Finally, I will be looking to Kyoto Annex 1 countries to contribute the new resources needed to allow the CDM executive board to do its work efficiently; there would be a bit more funding for the board.

All of this can be achieved within the Marrakesh accords. We will not have to renegotiate the Marrakesh accords, but we will have to

make sure they are done properly in order to improve the working of the CDM.

In order to help the countries of the world achieve this improvement, Canada will be hosting a workshop for officials on October 24 to 25, which will serve as an opportunity to accomplish this. It will occur in Montreal.

● (1545)

The other improvement that we need to make is about adaptation. We know that climate change is real. Its effects are very negative throughout the world. We need to mitigate the effects of human activity on the planet, but we also need to help countries, including Canada, to adapt themselves to climate change. We need to go ahead then with the five-year plan that was agreed upon last year at Buenos Aires—a call for a program of work on those adaptation and response measures. This is an opportunity at COP 11 to conclude an adaptation package that would consist of a five-year program of work on adaptation as well as an agreement on funding for adaptation in developing countries, which will be essential if an overall package is to be achieved.

This is for implementation and improvement. We need a third “i”, though. In order to give credibility to what we are doing now about implementation and improvement, we need to say that these initiatives are here to stay and will go beyond 2012. In implementation we will ask the Kyoto countries to agree on section 3.9 of the Kyoto Protocol, which said we need to start a process this year in order to see what we can do together beyond 2012. But in addition to that, it has been suggested to Canada that we should try to bridge something between the countries within the Kyoto Protocol and the other countries to have broader agreement on the way we can work together. This is the third “i”—innovation. If the countries agree—and we will work on that—it would be like the cherry on the sundae, if you wish.

If we have implementation and improvement, it will be a great achievement. If in addition to that we have a declaration or a mandate or a decision by all the countries to start the process to see how we can improve on international cooperation and to come with solutions from ministers to COP 12, COP 13, COP 14 in 2008, I think it would be very well received by the world. We are working on it, and in order to see if it's possible to have it, we have listened to what the countries have to say and we have come to the conclusion that there are six elements that may be at the core of this joint decision that we may have at Montreal to start the process, which would be a broad process for all the nations of the world.

The first element is that the deep cuts in greenhouse gas emissions that we need to make in order to cope with what science is asking us to do, these deep reductions cannot be a policy in a corner. They must be linked to all environmental strategies in the countries, so what we are doing for clean air, clean water, and so on must be well connected as co-benefits with what we are doing on climate change.

The second element is to link our climate change strategy with the development goals like the millennium goals. That's what we are doing in our own plan in Canada so we can be sure that what we are doing for climate change is a good business strategy and it's well received by the other countries when we say it should be an element of any declaration.

The third one is to listen more to what the experts have to say to us as decision-makers about the way to improve the participation of all the countries, so a principle of broadened participation. How can we have positive incentives to bring more countries in their capacity to work with the others in an international effort?

[*Translation*]

The fourth element deals with the world carbon market. How can we set a price for carbon that will relate to every area where there are climate change initiatives? A carbon market is currently being created in Canada. The Europeans have done it this year as well. However, the linkages leave something to be desired. Some American states would also like to set up a market, etc. It would be wonderful to have a world carbon market.

The fifth element is technology. We need more technology initiatives, for existing ones as well as for those that must be developed in order to reduce greenhouse gas emissions.

The final element is vital for developing countries as well as for Canada. It involves adaptation. We will have to get together to decide how we can make an adaptation policy work. Climate change is a new phenomenon. It is hard to conceive of a good adaptation policy. There are experts around the world, Canadians, Americans, Europeans, who have ideas on this subject. The time has come to explore it so that we will eventually have a true adaptation strategy.

• (1550)

[*English*]

You see that I have three objectives, three “i”s—implementation, improvement and innovation. If we have two out of three, it will be good. If we have the three “i”s, it will be great.

**The Chair:** Thank you very much, Minister. You ended a little suddenly. Sorry, you caught me a little off guard.

Minister, as you know, we go through the parties with ten-minute question periods. What we'll do is lead off with Mr. Mills. Then we'll go down through as we did before. After we finish that sequence, we'll go into five-minute question periods.

Mr. Mills, if you'd like to lead off, please do.

**Mr. Bob Mills (Red Deer, CPC):** Thank you, Mr. Minister, for appearing.

As you know, some of those areas we would agree with, such as the linking of climate change to pollution, to the problems. I think it's particularly meaningful today with Toronto now having literally double the number of smog days it ever had before. That's what Canadians expect to have happen. Let's deal with pollution problems, not just talk about carbon dioxide and that umbrella that we tend to put it in.

I have a couple of questions regarding COP-11. Obviously, COP-10 resulted in a trashing of the U.S., with Canada coming a close second, when it was said, look, every year you've had your carbon dioxide increase and your biggest claim to fame is the one-tonne challenge. That's the big achievement we have. Now there is Tony Blair—a big supporter of Kyoto up until now—saying that there will never be a successor to this treaty that expires in 2012, that it will be dead, and literally tearing up the Kyoto accord on behalf of one of

the governments that everyone thought would in fact probably achieve its goals. None of the others really think they will, including Canada.

Then we have another factor. The United States, Australia, China, India, Japan, and South Korea have just signed an agreement in which they say—and I'll use their words—let's “create new investment opportunities, build local capacity, and remove barriers to the introduction of clean, more efficient technologies”, which will facilitate a clean development. In other words, they're saying let's come up with realistic targets; let's not live with this bureaucracy of carbon trading and carbon credits and all of the rules of Marrakesh that nobody has agreed to up to this point; let's come up with something that involves everybody. Obviously, I think you might agree with that as well.

It seems to me that what we may end up with is simply a bunch of people who still believe that outlawing carbon dioxide will in fact solve all of the environmental problems of the world. That's just not going to happen. China is building coal-fired power plants. India, Mexico—those countries—are developing. The United States and China are the two biggest emitters of carbon dioxide, and they're not part of this whole thing.

It would seem to me that if you can broaden the whole approach and literally admit that Kyoto is a dead dog, stop petting it and get on with the reality of where the world is at... All of us believe we should help to transfer that technology to the developing world. Let's get on with it instead of dealing with carbon trading and carbon dioxide targets that are unachievable and so on. I just think you're dreaming in technicolor if you think COP-11 is in fact going to go anywhere other than a talk shop.

• (1555)

**Hon. Stéphane Dion:** We should make no mistake. As long as we have this government and this Prime Minister, Canada is a Kyoto country and is proud to be. We believe in it.

I agree with you that we need to strengthen our links with the countries that are outside Kyoto, especially the United States, which has 25% of the emissions and 85% of our trade. But I disagree with you about Kyoto, especially because this carbon market is key to speeding up the use of the technologies you want to see.

If you take carbon dioxide sequestration, without giving a price for the carbon how long will it take before we're on the ground to use it? Norway is able to use it now; Canada will be, pretty soon, through this climate change plan—thanks to Kyoto and to the carbon market. I strongly believe that my elements 4, market, and 5, technology, are closely linked.

Now about Tony Blair, no, he did not say what you said he said; it has been misquoted. It's very clear that Tony Blair is strongly supporting Kyoto. What he's saying... I cannot speak on his behalf, but let me guess about what I've just said to you.

In addition to doing our homework within Kyoto, we need to strengthen our relationship with the other countries, especially the United States. We need to have a stronger link among the three categories of countries we have today: the countries within Kyoto that have a national target regulated by the Kyoto Protocol; the countries that are in Kyoto but without national targets, such as China, India, Brazil, Mexico, and so on; and the countries that are outside the Kyoto Protocol, especially the United States and Australia. We need to strengthen these links.

That's what we tried to do at Gleneagle, and since then I haven't seen the U.K. backing off from its Kyoto commitments. To the contrary, Madam Beckett, the Secretary of State for Environment, Food and Rural Affairs, has been very clear that they are very committed to doing their homework within Kyoto. But at the same time, can we work better with the United States, Australia, and the other partners? This is the issue.

About the Asia Pacific partnership, I don't understand your enthusiasm. I'm certainly happy that it's happening, but I'm not enthusiastic, because up to now I haven't seen the difference between before and after. It's an argument on paper; there is no target, no money, and there are no projects. We'll see what they agree to in Australia, but I think they have postponed the meeting, so we are unable to have a second meeting within the deadline they gave themselves.

If something positive comes from it, I will be very pleased; I will share the pleasure with you. As a country of the Pacific, Canada then will be able to offer its participation. But up to now, let me tell you, our country has missed nothing with this agreement, because it's a partnership on paper up to now. I hope it will be something more substantial. I'm not saying that outside Kyoto nothing good is happening. I'm just saying thank God we have Kyoto.

**Mr. Bob Mills:** I guess I would agree that Kyoto certainly brought people's attention to climate change. But 1992 was really when we recognized climate change as an issue. It took until 1997 before we signed on to the process. Then, from 1997 to 2002 basically we did almost nothing, and obviously the reason we're in such a problem is that we did nothing, whereas countries like Denmark, for instance, or Germany said they were going to do something; they were going to actually do something about climate change. Obviously, they now are a long way ahead of us, but even they can't hit those targets that Kyoto set.

So it's a matter of our being realistic and then coming up with a solution. Those six countries you mentioned have probably 60% or 70% of the real, true emissions at this point in time. The fact that China is building 500 coal-fired, old-technology power plants is a serious concern to the world environment.

We're not saying we shouldn't do something. We're saying yes, we should deal with climate change, but it must be universal, it must be all countries, it must be achievable, and it must be through technology. When I hear talk of sending \$1 billion or \$2 billion—or it doesn't matter how much—to buy carbon credits or to develop environmentally friendly things in Zambia, I have real questions. It would be much better to develop that technology within Canada and transfer it to the developing world. Now you'll fix the environment.

We all agree we should fix the environment and that we should go after climate change. That's not the argument.

● (1600)

**Hon. Stéphane Dion:** The mechanism to transfer it to other countries is provided by Kyoto. It is the clean development mechanism especially—not only, for you have green implementation in addition to the status within Kyoto—so I don't see any contradiction in it.

By the way, among the countries you mentioned in the Asia Pacific partnership, you have Japan, which is a champion of Kyoto and will remain so.

**Mr. Bob Mills:** But they're not going to hit their targets either. Japan won't hit their targets. They're going to be 6% above what they committed to.

**Hon. Stéphane Dion:** About the targets, it is true that we are all struggling to reach our targets, but I have listened to all of the countries, and no one is ready to give up. All of us will do our best, and we are studying our own plans—we are pretty impressed by the plan that Canada released—and we are trying to learn from each other. Climate change is a new phenomenon, a very worrying one, but a new phenomenon. We are learning how to tackle this phenomenon. And Kyoto is also a forum by which we learn a lot from each other. Thank god that we have it.

**The Chair:** Mr. Mills, I'm going to have to interrupt and go on to Mr. Bigras, because we're out of the ten minutes on that session.

Mr. Bigras.

[*Translation*]

**Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ):** Thank you, Mr. Chairman.

Minister, I truly believe that the Conference of the Parties in Montreal will be one of the most political gatherings in recent years. Even though you don't want to admit that this summer's agreement between the United States, China and four other countries seems a little shaky, I think those countries will try to use the Conference of the Parties as a forum to water down our Kyoto objectives. In his statement, the Australian Prime Minister said that the agreement that was signed this summer would be better than Kyoto.

Minister Dion, you will be the chairman of the Conference of the Parties. You have a responsibility. What are you going to do with these people and these countries that want to weaken the Kyoto Protocol? Will you take part in any meetings? Has Canada already held any official meetings? That is my first question. Perhaps I should have asked Ms. Smith.

I want to know here, in committee, if Canada has already met with the United States, China, and four other countries to discuss this agreement? Does Canada intend to take part in discussions during the Conference of the Parties in Montreal?

You said you were ready to increase your participation; that is what you have just told us about this agreement. In that case, would you be ready to increase your participation around a table which is obviously intended to weaken the Kyoto Protocol?

**Hon. Stéphane Dion:** The Australian declaration was then contradicted by Japan, the other countries, and even by the Americans. If I am not mistaken, at the end of the declaration, there is a paragraph stating that it does not contradict Kyoto.

And why would it contradict it? We have agreements with countries that have not signed the Kyoto Protocol. For example, Canada has just joined an American initiative, which has now become international, called *Methane to markets Partnership*, which is intended to reduce methane emissions. We must not put all of our eggs in one basket.

That said, we are determined that a stronger Kyoto will be the outcome of the Montreal Conference. That is the reason why I insisted on the first two "i's", namely the implementation of Kyoto and its improvement.

Our actions must also reflect a stronger credibility. We must, within Kyoto, work with those that have not yet signed on, because, as you or Mr. Mills pointed out, most of the emissions come from other countries.

At present, the Kyoto target countries represent 35 per cent of the emissions. In 2012, if the trend continues, that should mean less than one quarter of the emissions. At 25 per cent of the emissions, motivation will become a factor for us, if the other 75 per cent is a little farther from what we are doing. It is essential to have close ties with the other countries, while continuing to do the work that must be done within Kyoto.

To answer your question on the Asia-Pacific partnership, Canada has not held any official preparatory meetings. We have told the signatories that if the agreement yields something positive, we will be at their disposal to provide our expertise and our talent, as is the case for all agreements that we feel can contribute to climate change.

• (1605)

**Mr. Bernard Bigras:** I understand that you are ready, and you have already said that publicly. You said that you were ready to talk to everyone. You are prepared to meet with the pro-Kyoto group as if you were not one of them. You were prepared to talk to the United States, to Australia, to everyone. However, your duty is to defend Kyoto, both nationally as well as internationally.

How can you tell us today that you will be sitting at the table? This time I will quote the Australian Minister of the Environment who said: "We know that the Kyoto Protocol is a failure in terms of saving the climate."

As a Kyoto originator, it is your responsibility to promote it in late November and early December. How can you come and tell us, here in committee, that you would be prepared to sit down with people who will tell you that Kyoto is the wrong way to go and will bring forward another model? How can you defend that today?

**Hon. Stéphane Dion:** Both the Japanese and the Europeans are asking for it. The Kyoto Protocol signatories would like us to strengthen our relations with those who have not signed on. We would like them to be part of this agreement. We would be delighted to have the Australians and Americans in Montreal tell us that they intend to join us after all. However, that is most probably not in the cards. Does that mean that we will not work with them? It would do

nothing to advance our cause if, in order to settle a world problem, we refused to enter into a dialogue with the world.

That said, we must strengthen the Kyoto Protocol. That is why I have insisted, and I repeat, on improving the protocol, particularly with respect to the mechanisms for clean development. These are the essential tools that will allow us to work in Black Africa, in Asia, in South and Central America. It is essential that we do this, but we still have a way to go before we get there. It would be a huge achievement for the Montreal Conference. To think that Buenos Aires, in spite of all the efforts of our Argentinian friends, led almost nowhere, except for an agreement to hold a seminar... If, in Montreal, we end up with these 19 decisions, improving the key mechanisms including mechanisms for clean development as well as a declaration to ensure that the whole world will work towards improving international cooperation, I think that will be quite an achievement for us.

**Mr. Bernard Bigras:** There is also the nuclear issue. You know as well as I do that nuclear projects are not recognized in the Kyoto Protocol. I have gathered together the statements made by provincial premiers in recent weeks and months. Bernard Lord feels that nuclear energy has a role to play; the Ontario premier would like to reinstate part of the province's nuclear production facilities. There may even be 23 per cent of the 9,000 megawatts used by new nuclear power plants.

I'd like to know what role you think nuclear energy should play within the Kyoto Protocol. Should credits be given for the production of nuclear energy?

**Hon. Stéphane Dion:** Nuclear power is not included in the clean development mechanisms. However, it is not prohibited for countries to use it as part of their national strategy. In Canada, nuclear energy, which we already have in a number of provinces, is part and parcel of our solutions. It is an official policy.

As to the nuclear strategy, I must point out that our comprehensive strategy has not yet been finalized. It is one possibility. As Minister of the Environment, I want to insure that our waste management is flawless, something that I will be working on in the coming months.

**Mr. Bernard Bigras:** You mention waste management, Minister, but I am talking about post-production credits. You seem to want to promote the Kyoto Protocol, but you also sound like someone who is prepared to accept a compromise when it comes to the protocol. We know that some countries that have signed on to the agreement between the United States, Australia and the four Asian countries are nuclear energy exporters.

Do you think that, in terms of nuclear energy, some type of compromise might be possible between the group that was recently formed and Canadian interests? Do you think it might be possible to arrive at some type of arrangement based on common interests, the interests of those who have not signed the protocol and those who are already part of it?

• (1610)

**Hon. Stéphane Dion:** I don't remember having said anything that would lead you to believe that I am trying to do anything other than strengthen Kyoto. I just don't understand. This is something that you have been insinuating all along, but I am still waiting for you to prove it.

**Mr. Bernard Bigras:** Well, if I go to visit people who don't necessarily share my objectives, then I have a problem. You said earlier that you were prepared to step up your participation around a table where some members feel that the Kyoto Protocol is not the best way to combat climate change. That is what you said. You also stated that you would not invite the Americans to sit at the table. You know as well as I do that the Americans spent more time around the pool than they did around the negotiation tables when the Conference of the Parties was held.

Should the countries with 50 per cent of global emissions not be the ones sitting around the negotiation table and respecting international commitments, rather than you, a spokesman and chairman of the conference, sitting down with the United States, Australia, and four Asian countries?

**Hon. Stéphane Dion:** First of all, I spend my time sitting down with people who don't necessarily see things the same way I do. That is why I don't think your argument is relevant. Second, our main objective is to improve the Kyoto Protocol. Third, we want to give it more credibility.

**Mr. Bernard Bigras:** ...the bilateral agreement, for example.

**Hon. Stéphane Dion:** I'm happy to sit down with people who don't share my views, especially when they don't interrupt me.

How do we strengthen the Kyoto Protocol? What do we do with countries that don't want to ratify it? I repeat, the door is wide open. If President Bush and Ms. Dobriansky were to come to Montreal to tell us that they intend to ratify the Kyoto Protocol, we would be delighted. However, since that is not very likely, should we refuse to speak to them? Must we refuse better cooperation when it comes to technologies? Should we not take a look at what the American experts are asking, what the American states want and what the American mayors are seeking? Should we not try to strengthen our ties with that administration and that country, as well as with the Chinese who have said that, until further notice, they would not come to Montreal to publicly state that they are accepting a national target? That is not news. It is most unlikely that they will come to Montreal to tell us they have reduced their emissions by a given percentage and that their objective will be included in the Kyoto Protocol.

What do we do with these countries? Should we just sit and wait until they change their mind or should we not strive to work with them, while emphasizing what has to be done within the Kyoto Protocol? I think that the Kyoto Protocol will be stronger if we work towards the three "i's" that I mentioned earlier. If we drop the third one and create our own unit, if we refuse to see beyond our own dogmatism and do not speak to others, then we are not strengthening the Kyoto Protocol since, at the end of the day, it would only cover 35 per cent of emissions and in 2012, the percentage will drop to 25 per cent.

[English]

**The Chair:** Minister, if I may....

Mr. Bigras, just for the rest of the committee, the chair usually decides and tries to make sure that nobody interrupts anybody, and I'd appreciate it if the request for guidance in that respect could be made through the chair. I will make sure that each has an opportunity to get a question and to try to have an opportunity to answer.

We'll go to Mr. McGuinty on that. Mr. McGuinty.

Thank you, Mr. Bigras.

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

Minister, thank you for joining us and thank you for your patience with respect to comments that betray perhaps an early understanding of how international treaties are made and how negotiations are conducted, and thank you very much for ensuring that we're going to have open dialogue in Montreal. I've just taken that from the last series of questions and answers you've provided. I'm really, really pleased to see that Canada is moving forward and is taking the international leadership role. I'm even perhaps more pleased to see that this meeting will pump upwards of \$100 million into the local Montreal economy, into the province of Quebec—something that is going to be very positively received, I'm convinced, by the citizens of Montreal and of the province of Quebec in its entirety.

I want to talk to you about and get your help and advice here on the American position. This is a theme I have pursued before with other ministers and perhaps with you in other settings.

The United States position for me is a problematic one, because I can't detect a single American position. I detect instead numerous American positions, state-by-state positions. And while the American administration has not agreed to ratify Kyoto, the federal government in the United States has a whole series of new incentives and tax credits in place that continue to become very competitive for us vis-à-vis the new technologies that we're trying to address through your third "i"—innovation.

The last time I looked, our oceans were contiguous. Our fresh water and our watersheds were contiguous, and our airsheds with 50% of Ontario's air pollution emanating from the American midwest are contiguous. Yet our North American energy working group, domestically working with the American and Mexican counterparts, speaks about energy policy and energy security, but that North American energy working group and its mandate is silent with respect to greenhouse gas reductions.

So I want to raise with you the notion of keeping more than simply a watching brief over the United States and ask you if it's possible that Canada pursue a two-track approach. One is to continue to contribute to the international Kyoto process by looking out beyond 2012, but at the same time understanding that our land mass, our watersheds, our airsheds, and our economies are totally linked. Is it possible that Canada should now be looking for a second track initiative to bring the American administration more in line with Kyoto objectives over time?

• (1615)

**Hon. Stéphane Dion:** Thank you so much.

[Translation]

I will answer the first point in French because it is very important.

This event in Montreal will indeed be the biggest event that our country has ever organized, except for certain sports events. We expect from 7,000 to 10,000 people to attend, and this is low season.



All these people will not only take part in the meeting, but they will also go to our museums, use our taxis and visit our restaurants and movie theatres. They have an obsession; they are talking about climate change.

It will be an extraordinarily stimulating event in Montreal. Moreover, it will do a great deal to make all Canadians more aware of this important issue than they are right now. Thousands of journalists are expected to attend. It will be all over the media.

[English]

On the other point, you aren't stimulating me very much, because you're saying exactly what I think. I completely agree with you. We have a big neighbour. It's 85% of our trade. It's a long border with a lot of.... We share the same water—and Denis Paradis knows what I'm speaking about—the same air, the same debates. And it's a complex country. I completely agree with you. We are looking very carefully at what some states are starting. We are hoping it will work. We cannot reveal to you everything about the links we have with them because we're very respectful of the fact that at the end of the day they have a national government there, and we need to work with that national government without trying to jump over its head to work with the states. But it's true that we have strong relationships with them.

I went to California with the Minister of Transport and we studied what they are doing. We want to straighten all links with the United States and with the current administration, which does not have the same approach as we do. We completely disagree on Kyoto, but we do have a lot of agreements with them. I can provide you with the list if you wish. Many of these on technology transfers have been signed very recently to speed up the invention of technologies. They are very strong on technology.

I think it's a mistake that they are not pushing a market. If they had pushed a carbon market, I think North America today would be well ahead of where we are now, because it has been very complicated for Canada to go ahead when President Clinton was in the process and President Bush decided to be out. It created a lot of difficulties for Canada to adapt. But they made their decision on that as a sovereign country. We are still asking them to come into Kyoto, but short of a yes, we should strengthen our links with them at any cost, because it's a very key issue. Global warming is global. If we do not engage the Americans by any means, I don't know how we will succeed.

• (1620)

**Mr. David McGuinty:** Thank you very much.

**The Chair:** Thank you.

Mr. Wilfert, part of the ten minutes.

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

Minister, with regard to the goals you have set for coming out of Montreal, you mentioned the issue of global warming. You talked about a consensus approach at Montreal, and without getting into semantics, you said that is unanimity. That would seem to me to be a major challenge for you as the president of the conference. How do you reconcile the fact that we're going to have states like the U.S. there who don't want to even talk about it and who have certain words they don't want to even hear on the issue of climate change,

and at the same time, we have countries like Canada and others who are pushing for a post-Kyoto framework that will in fact take us beyond 2012? This is obviously going to be, in my view, a daunting task, because you're looking for unanimity. You talk consensus, but you mean unanimity. What types of instruments are we going to be looking at to try to do that bridge? Because to me, it would seem, having it in Canada particularly, we have a unique opportunity to act as a bridge with the Americans.

**Hon. Stéphane Dion:** Yes. Okay, the short answer is you have COP/MOP decisions and COP decisions. COP/MOP is for the protocol. So the countries that aren't part of the protocol don't have to.... They may give their views, but they are not parties to it. The COP/MOP, yes. So I think, for instance, section 3.9, the commitment to start now to look at what may be the next phase of targets for Kyoto, will be for the COP/MOP countries. I'm very confident we will have this decision made.

A broader declaration to reach countries that are part of COP but not of the protocol as such may work, I think, if we align it with the six elements I just mentioned, such as environment effectiveness linked to economy development, broader participation, a market system for the world, technology, a boost and a good policy for adaptation. We'll see. If we have a declaration of this kind—if we don't, it's because countries did not agree, but at least Canada would have tried—it will help a lot to go ahead with these six elements.

I must insist on the fact, Mr. Chair, that Canada has been asked to try to do something with all the countries of the world. And it is my duty as president, as chair of the conference, to do it, to be sure that indeed Kyoto will work better, but also to have something for all the nations of the world. It's the formal role that has been given and the secretariat has been very clear about that.

**Hon. Bryon Wilfert:** Mr. Chairman, you'll let me come back on the second round there, will you?

**The Chair:** We'll put you down, Mr. Wilfert.

We'll go to Mr. Cullen now.

**Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP):** Thank you, Mr. Chair, and thank you, Minister, for being here today.

As we prepare and look forward to this international meeting in which not only would Kyoto be highlighted but also Canada's participation and effectiveness or ineffectiveness in participating in Kyoto, I'm wondering, have you gone through our committee's report that came out in the spring of this year? Have you had a chance to look at that yet?

**Hon. Stéphane Dion:** Yes, but maybe you could refresh my memory on the aspects of it you wish to raise.

**Mr. Nathan Cullen:** No problem.

The question that I would like to raise with respect to Canada holding this important position at this particular meeting at this particular time is this. What basis for credibility does Canada have to speak to both signatories and non-signatories to the Kyoto agreement with respect to addressing climate change when our own record on this subject in report after report, whether it's the auditors or what this committee found through its hearings, has been sadly lacking? How it is that Canada can effectively express itself when other participants can challenge our credibility due to our ineffectiveness in addressing climate change in this country?

**Hon. Stéphane Dion:** In fact, we have tremendous prestige around the world. Let me tell you that on every continent we have met countries that are so pleased that Canada has accepted to carry this very heavy duty, to make sure that COP/MOP will go ahead in Canada instead of being in Bonn. Otherwise it would have happened there. We have been lobbied very strongly to accept this role.

I would say that the experts of the other countries are aware of our difficulties in reaching our target. They are aware that we have by far the toughest target of all the Kyoto countries. They are aware, for instance, that it's ten times tougher for us than for France because the gap between business as usual in Canada and the Kyoto target is about 44 percentage points. In France, it's four to five percentage points, for instance. Or in the U.K. it's ten percentage points, since the U.K. was able to close a lot of coal-fired plants that they were preparing to close anyway.

The target in Canada is very difficult, and they know that. And they have been very impressed by the plan we released last April. It has been discussed in many other countries—in Japan, for instance. So we may welcome the world *la tête haute*, let me tell you.

•(1625)

**Mr. Nathan Cullen:** Minister, on the credibility question, first, with respect to the targets, those were targets that Canada willingly agreed to. Whether they're tough or not was the choice this government made. Secondly, with respect to credibility, I think the recent auditor's report is poignant in saying "The federal government suffers from a chronic inability to see its own initiatives to completion; it starts out but rarely, if ever, reaches the finish line." There is the rhetoric on one side and inaction on the other. When we find out that we've just recently committed \$3.7 billion and are unable to even spend that money, we are unable to find the programs in which to reduce climate change, and when we correspondingly watch our greenhouse gas emissions rise, I think it should be with a certain amount of humility.

I suppose what Canadians find frustrating with this debate is that when we talk about the targets and not reaching them, I don't recall a single witness who came before this committee and suggested that Canada would reach its targets—not one. I encourage any committee members who did hear one who said it was possible.... That would be very encouraging to hear from the government. I think one of the greatest strengths is to admit a weakness. We're going to miss these things by a mile.

My concern is that we're now going to start talking about 2012 and post-Kyoto when for all intents and purposes with respect to how the auditors have seen the performance of this government, how many of the industry and stakeholders have seen the performance of

this government in terms of offering clarity for planning processes—I would take the Mining Association of Canada as an example, very frustrated—and some of our large final emitters having a plan that's not a plan, the credibility is lacking when we make a commitment to do minus 6%. Not only do we not even come close, we blow it by a mile.

To stand up in Montreal and suggest to the world that we have anything to teach them other than how not to do it, that this is not the way to go about it, because we've seen from some of our European counterparts that the early investment and early recognition and a clear signal from the centre—which has also been lacking and reported by the Auditor General.... If the government would simply admit the mistake of not having done the proper measures that have been pointed to over the ecological fiscal reform—we've heard many of them—then go from there, as opposed to this pretense that the challenges are tough and we have tough targets, which we negotiated.... No one held a gun to our heads.

On the Kyoto file, we heard from many witnesses and many stakeholders from around this country that we've essentially failed to meet the requirements. We've failed to even spend the money that we announced. As the auditor points out, this government has a propensity to enjoy announcements but not follow through and, in her words, "not reach the finish line".

I'm wondering again what legitimacy we have to stand in negotiations with the United States, with Britain, or with any of our partners and suggest that we are a model for anything other than a place from which to learn.

**Hon. Stéphane Dion:** You may think your country is not able to welcome the world, but the world is happy to come to Montreal. So you will have difficulty.... It's not me you have to convince; it's the other countries that are so pleased that Canada took this leadership. And I think it's for good reasons. That's the first point.

The second point is that you said we have accepted a target that is too tough. I must remind you that when we accepted the minus 6%, it was because President Clinton said he would go to minus 7%. When President Bush dropped out, we stood alone with our minus 6%. It slowed down the debate in Canada. It's difficult to ask your industry to achieve a target when you suddenly say they will be alone and will not be with their competitors in the south.

Maybe the NDP is not aware of the difficulty that it created, but I'm sure everyone in Canada is aware. This is the first time I've heard that the NDP is ready to give up on our capacity to honour our Kyoto commitment. It's news, and it should be in the headlines tomorrow.

•(1630)

**Mr. Nathan Cullen:** Minister, are you interested in playing politics with me?

Pardon me, Chair, but I'm not sure that casting insults towards my party and our awareness pushes this debate at all.

**The Chair:** I was going to interject there, Mr. Cullen.

Minister, I would just say, we had all agreed at the beginning that we wouldn't try to duplicate question period. That can be done in question period.

What we're trying to do here is to concentrate on the substantive issues. I would ask all members to continue to do that. I think we've been extremely successful in focusing on issues by adopting that particular approach.

Minister, would you like to respond to that, please?

**Hon. Stéphane Dion:** Yes.

I did not insult anyone. I just mentioned that the honourable colleague seems ready to give up. We are not. We will follow this plan. This \$10 billion of federal taxpayers' money will be very well invested. We need to find 270 megatons in a way that will strengthen our economy. It's a business plan to make Canada an economy with less waste, more productivity, more recycling, more ability to export, to gain new markets, to be champion of this carbon market that is here to stay. And we will.

**The Chair:** Mr. Cullen, you had a little bit of a digression there. We'll give a couple of more minutes.

**Mr. Nathan Cullen:** Thank you, Mr. Chair.

It's interesting, in that response back all we were seeking here was in a sense a certain humility. With respect to the government's role and the real numbers on the ground in terms of investment, in terms of the reduction of greenhouse gases, the witnesses who testified in front of us seven months prior to the summer recess consistently talked about the lack of investment, the lack of foresight. The auditor has consistently talked about—and I'm not talking about empty rhetoric about whether a party knows this or a party knows that, but the auditor's own report—the lack of central vision and political will to achieve targets on the ground.

From the moment we started this conversation my question has always been about the credibility that Canada will pretend to have. I know Canada is a very welcoming nation, and we're very well loved around the world. I would not suggest we rest on those laurels, but rather produce results that actually achieve the things we've committed to so that when Canadians hear something from the federal government, we will do thus. They are unable to accept it because the record on greenhouse gases has been so poor that we have not slightly missed the targets, we have missed them dramatically.

I understand the relations with United States. If that was not factored into our negotiations, then so be it. There was no adjustment made. We just pretend and assume in this Orwellian nature that we will continue to meet these targets and not even have the minister come forward this close to the target date with the admission that the targets won't be met, that this is what we have learned from our mistakes, that we will correct those mistakes, rather than make announcements that the Auditor General herself says this government is unable to follow through on and cross the line.

**Hon. Stéphane Dion:** Thank you.

I just want to address two things in answer to your question, if it's a question. The first one is what we have done up to now. The second is what we have done since April.

What we did before the April plan you will find on page 44 of annex 5 of the plan. It's true that prior to budget 2005, prior to the greenest budget since Confederation, \$3.7 billion had been set aside

for climate change. I must point out that \$2 billion of it remains to be used; we are still using it. So if we haven't seen any results it's because it hasn't been used yet. Of the \$1.7 billion that has been invested, \$900 million has been invested for the 2008-2012 period to speed up our capacity to have ethanol, wind power, EnerGuide, and so on. These are the things we hope to see results on for 2008-2012. Ours are more for R and D for the long term to be sure that in 2012 we will be stronger.

What this plan is giving us is the capacity to inject a lot of investment and new initiatives in order to reverse the trend. You're right to say that the trend is to see emissions still going up in Canada. We need to stop this trend and see them drastically decreasing without hurting the economy, and to do the contrary, to make our economy stronger. It's what the plan is all about. I'm ready to discuss all the limits of the plans with you, but the key one is to create a carbon market. We are the country that is now the most advanced in that, because we now have a target for our industry for up to 2012.

The Europeans still have a transitory target. They need to renegotiate all this next year, to be ready in 2008. The Japanese decided that they will not put a target to the industry. New Zealand was supposed to put a target on agriculture, and they decided that they could not do it.

So Canada is a very courageous country, and the world recognizes that. What we have asked of our industry is very demanding, although achievable, under the context of where we are in this world with the other countries. I'm very proud that we have decided to gazette greenhouse gas emissions to the Canadian Environmental Protection Act, and I guess the NDP is happy about that too.

•(1635)

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

We'll go to Mr. Jean now, for five-minute sessions this time.

**Mr. Brian Jean (Fort McMurray—Athabasca, CPC):** Thank you, Mr. Chair.

Thank you, Minister, for appearing today.

You've given us three words with the letter "i". I will give you three words with the letter "u": I would suggest that this Kyoto unfortunately is unworkable because it's unacceptable to most countries, and as a result, I think you're undermining the Canadian taxpayer, quite frankly.

I know when two superstars get involved in a sandbox and one won't play the other's game, often they both leave and play in their own sandbox. I'm wondering, in this particular case, Minister, especially because this is a world issue and it's bigger than you or me, why Canada wasn't at the table in relation to the Asia-Pacific partnership. I mean, we have probably 70% of all the emissions with the countries that are involved. We have probably 80% of Canada's trade with these people. I think Canada is the only developed country that is not at the table in this particular instance. I'm wondering why.

**Hon. Stéphane Dion:** Which table are you speaking about?

**Mr. Brian Jean:** The Asia-Pacific partnership.

**Hon. Stéphane Dion:** We are the only one of which category of country that is not part of this?

**Mr. Brian Jean:** Well, we're a developed country and we're on the Pacific and we're the only country in that area that is not participating. Quite frankly, all the countries that are participating are the major emitters and they're also our trading partners. It just seems obvious to me, Mr. Minister, that—

**Hon. Stéphane Dion:** I'm not sure of the answer to this question. I can tell you we have not been solicited for now and we have missed nothing. If we feel we have missed something, if there is anything concrete to get out of this on-paper partnership...

I'm sure we have been told many countries will ask us to join because we have so much to offer. Whatever the technology they will choose to focus on, some of the best experts on earth are in Canada. There is no doubt in my mind that if we come to that point, Canada will soon be invited to come, but up until now it's an argument that has come to no target, no money, no project, and no meeting.

**Mr. Brian Jean:** So from your understanding we were not asked. Canada was not asked to be at the table.

**Hon. Stéphane Dion:** No, Canada wasn't asked.

**Mr. Brian Jean:** Do you know why, Minister? Do you have any idea as to why?

**Hon. Stéphane Dion:** I have no idea because I did not investigate very far, since I didn't think we had missed something.

I'm just speculating—and maybe I should not—but maybe it's because we are chairing the conference and they think our role for now is more...but maybe not. I don't know.

**Mr. Brian Jean:** I would suggest we've missed the boat. Seventy percent of our trade is done with these countries, and I think it's important.

But my next question is in relation to the clean development mechanism. What restrictions are we going to have on those funds and on that mechanism? I'm quite frankly scared, afraid, and I think most of us are in this room because we recognize we can't even keep track of our own money in our own country with our own people, yet we're proposing this mechanism to send money overseas to, in essence, allow other people to spend it at their own whim.

**Hon. Stéphane Dion:** But in the plan it's very clear that first, it should be to decrease greenhouse gas emissions; it should not be for so-called "hot air" in Spanish. Second, it must be an opportunity for Canada to see its own interest well served, whatever it is: diplomatic, to cement a relationship with a country, or economic, to have a showcase for technology in a country to gain new markets. It's the full philosophy of the plan to always be sure it's a climate change plan as well as a business plan, and both go together. You need to strengthen your domestic market to be able to export abroad, and once you are exporting abroad, you're stabilizing your domestic market.

If we take the lead, as this plan invites us to do, in carbon dioxide sequestration and in clean coal, we will be able to decrease emissions in Canada and a lot of emissions abroad and to make megatons of money with this, because the world needs it. It's very clear that coal and oil and gas will remain a large part of the sources of energy in the coming decade, and in order to decrease greenhouse gas emissions we will need these technologies. Canada will take the lead

through this plan and we will be able to export our technology around the world.

It will be good for climate change, it will be good for our economy, and with that I conclude, Mr. Chair, it will be good for the environment at large. Today 20% of the mercury we receive in our rivers and lakes in Canada that is man-made comes from Asia—20%—so if we don't help them to have clean coal pretty soon, we will have a lot of difficulties in Canada.

● (1640)

**The Chair:** Mr. Jean, you have 45 seconds.

**Mr. Brian Jean:** Minister, though—and this is my point—on one side we neglect to or do not get involved in an agreement that deals with 70% of our trade and 70% of what we're trying to reduce, and on another side we're going to export money and technology to other countries in which we have in essence no say on how it's spent and no accountability functions on what happens with it, and it just seems confusing. On one side we're ignoring something that is so tremendous at this stage that we're involved with, and on the other side we're going to go into something we know nothing about and have no guarantees on.

**The Chair:** I'm going to have to interrupt at this point.

Minister, you're going to have to take that one under advisement for a moment. Perhaps you can integrate it into another answer, but we're out of time on that one, seriously.

We're going to Mr. Bigras.

[*Translation*]

**Mr. Bernard Bigras:** Thank you, Mr. Chairman.

I want to focus on the Kyoto Protocol, which is the subject of our discussion here today. In order to negotiate and reach agreements with foreign countries, it is important to begin the process at home. I have been on this committee for years, and you know that I have been asking you, as I asked your predecessor, for a bilateral agreement with Quebec.

That proposal has been on the table since 2002. It is now 2005, and nothing is happening. Ottawa says that not only will it not recognize the efforts made in the past, but it will even send Quebec taxpayers' money to Alberta, which has a 10-billion dollar surplus. Judging by his recent comments, Mr. Mulcair, your Quebec counterpart—who is not a separatist, to take the term that you like to use—feels that there is something amiss with the Partnership Fund in particular, and he does not intend to sign on.

You claim that there has been progress. I do not see any progress in the current negotiations. How can you explain the fact that, three years after your government made a commitment to sign a bilateral agreement, nothing has been signed? On the contrary, according to Mr. Mulcair—a federalist liberal MNA—nothing is happening. I will go even further and say that I think that things were going better a few years ago. How can you explain what is going on with the negotiations, and particularly the failure to reach an agreement?

**Hon. Stéphane Dion:** The major progress that has been achieved is that there is now a plan and funding that enable us to work with the provinces and go beyond what has already been done. Things had already been done through existing agreements. I remember that in January and February I signed projects for Quebec and other provinces. Now we can work on a much larger scale. The negotiations therefore have a broader scope through the Partnership Fund. I will certainly have an opportunity to make it clear to my Quebec counterpart that there is something there for Quebec as well.

• (1645)

**Mr. Bernard Bigras:** Normally, I would take you at your word and wait for the results. I can no longer do that, since you and your predecessors have been saying the same thing for three years. I am sorry, Minister, but I cannot believe you. How can you claim that? How can you guarantee that Quebec will get its fair share of the Partnership Fund and the projects that you will be funding? That is the problem. We are concerned that the money and this funding will go directly to the west, despite the fact that Quebec and Quebec companies have already put in the effort.

A manufacturing industry has already reduced its greenhouse gas emissions by 7 per cent, and it has invested its own money and Quebec private sector money to improve its record on greenhouse gas reduction. It had an economic interest in doing so, of course, but the result is a positive one. How do you explain that money and taxes will be going to the west instead? Moreover, you do not recognize the efforts that have been made in the past.

**Hon. Stéphane Dion:** By definition, I recognize the efforts that have been made in the past, since when industry targets are set, the number of megatons is reduced where the levels are high and they are reduced less where they are lower. That is why, of the 45 megatons by which industry has been asked to reduce its emissions, three will come from Quebec. Would you like that to be cut down to one or two? The target is three megatons because the average of 11% in emission intensity works out to three megatons for the province of Quebec. It would be different if earlier choices had been different. We would have had to ask for more in that case. So past efforts have been recognized. They have been recognized by the simple fact that, although Quebec's population is only around a quarter of the Canadian total, the reduction target is only three megatons.

**Mr. Bernard Bigras:** Am I to understand that...

[English]

**The Chair:** Excuse me, Mr. Bigras, just let the minister finish.

Minister, are you finished?

[Translation]

**Hon. Stéphane Dion:** Yes. I would like my colleague to believe me, but I will excuse him if he does not.

[English]

**The Chair:** Well, that's not what's at issue here; whether he does or he doesn't isn't the issue.

Mr. Bigras, we are out of time on that one. I'm sorry, that was the five minutes. We're in the five-minute sequence.

Thank you.

**Hon. Stéphane Dion:** I did not have the opportunity to answer the point about the countries. It may be very short.

**The Chair:** You can't answer at the moment, but we're going to stay with it.

**Hon. Stéphane Dion:** You'll give an opportunity later.

**The Chair:** The chair will probably give you the opportunity, if he has the chance, because it's a follow-up question.

Mr. Wilfert.

**Hon. Bryon Wilfert:** Mr. Chairman, I will be following up on that question.

Minister, on the whole idea of the APPCDC, as you know, I spent some time in Asia, and I have a lot of contacts among parliamentarians there. My understanding is that recently the main thrust of this was in fact the issue of technology transfer. Interestingly enough, the parliamentarians from Japan, Korea, China, and others are looking to Canada on the transfer of technology because they know that we are world leaders in this field.

It's very hard to order from the menu when you're not invited into the restaurant. We were obviously never invited, and nothing has happened since. My colleagues on the other side, rather than getting exercised about this group that hasn't done anything, should maybe put their efforts on the Montreal meetings because that is where there is going to be a real opportunity for us to in fact move this along.

I mention that, Minister. Maybe you and the associate deputy minister in particular would like to comment.

Mr. Chairman, obviously this committee has very much seized on the issue of climate change. Of course we may or may not have different perspectives on how we want to be engaged, but we want to be engaged in Montreal and we want to be part of the process.

Minister, I know that you are very keen on parliamentarians playing a positive and constructive role in Montreal.

Mr. Chairman, I'm sure that the associate deputy minister would also like to maybe comment on how she sees the department assisting, in terms of making sure that parliamentarians have the right tools in order to effectively participate. As the standing committee, we obviously have these presentations, but we are heading to Montreal.

My colleague Mr. Mills and I went to Buenos Aires last year. I can tell you that when we go abroad, we act as Canadians. We may have some different views, but we obviously express them in a very constructive manner.

Could I briefly have your comments on how you see us engaging in this process?

• (1650)

**Hon. Stéphane Dion:** There are two questions within your question. The first one will give me the opportunity to continue on the Asia-Pacific partnership. I have been told to ignore the CDM, and that we have nothing to do with these countries, and to work within the Asia-Pacific partnership because we have a lot to do with these countries.

The difficulty is that it's the same countries. We have to work with China, India, and Korea through the clean development mechanism. It's the same countries. I can't ignore them and work with them at the same time, so I'm willing to work with them on what is working today.

We need to improve the clean development mechanism. I agree with what has been said. It must be rigorous, transparent, and publicly accessible, with a project approval process, a project registry, country approvals, and so on. It's what we will do in our improvements.

Yes, we will act. If this Asia-Pacific partnership is going somewhere, I know that these countries will ask Canada to join because we will have a lot to offer.

Mr. Wilfert, your second question is very easy for me to answer. I gave you the responsibility for the way in which we will engage parliamentarians, and I'm sure it will be done well.

**The Chair:** Thank you.

**Hon. Bryon Wilfert:** Can I get a comment from the associate deputy minister?

**The Chair:** Mr. Wilfert, I think you should go with those comments, at least for the time being.

Mr. Cullen, you're next.

**Hon. Stéphane Dion:** Maybe one of my two officials want to add something.

**Hon. Bryon Wilfert:** I'd really like to hear from the associate deputy minister.

**The Chair:** Okay, very briefly.

**Ms. Cassie Doyle (Associate Deputy Minister, Department of the Environment):** I can say that there are two key opportunities for parliamentarians. One of them is to be part of Canada's delegation to the UNCCC in Montreal. There will also be a program developed for Canadian parliamentarians and for parliamentarians who will be coming to Canada as part of the international delegations. We will be providing specifics on that.

**Hon. Bryon Wilfert:** Could I suggest, Mr. Chairman, that we get those tools for the parliamentarians as expeditiously as possible?

**The Chair:** Mr. Wilfert, I think that's something the committee will want to completely focus on for its own merit. We haven't heard the last word on that, and it certainly won't be heard here. Can we leave that for the moment?

Mr. Cullen, please, for five minutes.

**Mr. Nathan Cullen:** One of the challenges we've been struggling through in respect to what Canada's plans are and its hope to achieve what is talked about as a very difficult target is to understand what it actually costs, what the government is planning to spend for each megatonne of reduction. We were promised in early spring of last year that those numbers would be coming forward from Mr. Alcock. Has that been achieved, do you know?

**Hon. Stéphane Dion:** How much it will cost by tonne... because—

**Mr. Nathan Cullen:** Maybe I'll contextualize it a bit. I found your answer somewhat confusing; perhaps you can take a second part and

clarify that. We had planned to spend this \$3.7 billion. We didn't spend it—I would assume—because we didn't know what to spend it on. Usually governments don't have a problem spending money if they know where they're spending it, but we didn't. I asked through numerous ministers if we had ever achieved an understanding of where the money went, how effective it was, and how much reduction we were able to achieve with the money spent so far. We were given assurances through this committee that this was going to be coming from the federal government. Do we have that yet?

**Hon. Stéphane Dion:** Not yet. Treasury Board is continuing to review the programs to see which one is working, which one is working less, and what we have had through them. I cannot answer the question for now, but it's certainly a commitment of the plan to do this exercise every year.

**Mr. Nathan Cullen:** What are the plans within this fiscal year in terms of buying international credits? Are there any plans from the federal government?

**Hon. Stéphane Dion:** We are starting the process for the offset system. You have seen that we had a lot of consultations during the summer and the same for the large final emitter system, which is key for our capacity to go abroad since the industry will have the capacity to invest abroad to reach their targets. If we work hard and well—and I think we will—beginning next year we'll be able to start the offset system and the climate fund as well.

• (1655)

**Mr. Nathan Cullen:** Is there a target for 2006 in terms of how many megatonnes will be purchased overseas?

**Hon. Stéphane Dion:** No, and in fact the plan does not come with this kind of target because we don't know yet how much we may achieve domestically, internally. I think we underestimate the number of credits we are able to get domestically through a good policy.

**Mr. Nathan Cullen:** Has the national round table prepared its dossier for us, for COP 11? I know they were given the task. It's reported here from our research.

**Hon. Stéphane Dion:** It's coming shortly, I'm told.

**Mr. Nathan Cullen:** Will a copy be available for committee members to look at as well?

**Hon. Stéphane Dion:** It will be a public document. The round table has its own policy, but I expect they will make it public. Once they have worked, they are happy to discuss their work, and with this committee. If you invite them, I guess they will come.

**Mr. Nathan Cullen:** The last question goes back to the first round. Is the Government of Canada still operating under the pretense that we will hit our targets under Kyoto?

**Hon. Stéphane Dion:** Yes. As you have seen, the title of the plan has "Honouring our Kyoto Commitment".

**Mr. Nathan Cullen:** So just allow me to connect the dots between the overwhelming testimony the committee heard over this past year suggesting the complete opposite and the Government of Canada maintaining that position contrary to all the evidence of many people, like my party, who are very interested in us achieving well, under Kyoto. Can you reconcile those two disparate realities?

**Hon. Stéphane Dion:** Again, I don't want you to feel insulted in any way, but I don't understand your own view. If your own view is that we cannot honour our Kyoto commitment, I think it's a new view of your party. I thought your view was yes, it's doable, and to improve this plan you may have your own ideas. I'm ready to discuss them.

But to me, I do not want to say to Canadians, try but you will fail; that is not what I want to say to them. I would want to tell them we have been able in the past to meet very difficult challenges when a lot of experts were saying we would not be able to do it, whatever it was: ozone, acid rain, or a capacity to stop having deficits in Canada when, according to the IMF, we were broke. We have been able to reverse the trend.

I think we Canadians, when we all work together with a lot of goodwill, can achieve a lot, and we can achieve this. We need to change the trend, to have a decrease in greenhouse gas emissions and strengthen our economy at the same time.

**The Chair:** We're going to have to leave it at that.

Mr. Minister, the chair is trying to facilitate, I believe, a request that came through your staff. You have a 5 o'clock timeframe here. We're going to try to work towards that, but we also have Mr. Watson and Mr. Mills, who have final questions.

Mr. Mills, five minutes between the two of you.

**Mr. Bob Mills:** There are really two things. First of all, I wonder if the minister would agree to have a briefing for our committee on the large final heavy emitters agreement you've agreed to. We have not received that, or certainly not to my knowledge.

Second, I wonder if the minister can tell me this, because it is an extremely important issue, I think. During the budget debate all parties agreed to take out carbon dioxide from CEPA. Then in the summer, basically through regulations, carbon dioxide was declared toxic, and obviously not much more has been said about that. Now, translated, that obviously becomes a carbon tax. I expect we won't hear much about it until after the next election, but I wonder how that cannot be considered a carbon tax for large final heavy emitters.

**Hon. Stéphane Dion:** It is not a carbon tax, and you know that because Economics 101 makes a distinction between a regulation and a tax. So it's not.

• (1700)

**Mr. Bob Mills:** A fine, then.

**Hon. Stéphane Dion:** No. It's not a tax; it's a target that is demanding but achievable, and it will help the industry to speed up the use of best technologies in order to be more efficient. We need to be energy-efficient. It's a key to becoming competitive in this world, more than ever, so it's why it is a business plan as much as a climate change plan.

As you know, in the Canadian Environmental Protection Act there is a definition of what "toxic" means. It's that it's harmful for humankind and harmful for the environment, and then greenhouse gas emissions with their effects on climate change qualify without any difficulty.

My own preference, as you know, would have been to remove the word "toxic" even though there was no legal obligation to do so, but

because it was creating confusion with the narrowed sense of the word and because some part of the industry thinks it is an irritant. But your party objected to that, and the industry needs to work on you to have your cooperation next time, because greenhouse gas emissions need to be regulated.

There is a rationale to doing it through CEPA, the Canadian Environmental Protection Act, because then you don't have two regulators, one for greenhouse gas emissions and the other one, CEPA, for all the other emissions and sources of pollution. You have one regulator for everything. It will facilitate the work of both industry and government.

**Mr. Bob Mills:** Equals a carbon tax.

**The Chair:** Mr. Watson.

**Mr. Jeff Watson (Essex, CPC):** Thank you, Mr. Minister.

In COP 10 there were 123 anti-American speeches. Now we're hosting COP 11. I'm concerned that a repeat will hurt our efforts to bring the U.S. onside. Quite simply, have you communicated to other ministers to lay off the U.S. bashing, or do you think getting more U.S. bashers onside will cause the U.S. to somehow buckle? In other words, what's the strategy in COP 11 to deal with the anti-Americanism?

**Hon. Stéphane Dion:** I'm against U.S. bashing, I'm against Kyoto bashing—

**Mr. Jeff Watson:** What have you done actively?

**Hon. Stéphane Dion:** —and I think the bashing game is over. You will never hear me, as the chair of this conference, bash any side. I want to work with everyone. Canada is resolutely a Kyoto country, but we know we need to work with the world, because global warming is global.

**Mr. Jeff Watson:** The question was on what you were doing actively to discourage that, and I'll take it that you've done nothing.

COP 11 was supposed to be about post-Kyoto; in other words, what is the next set of targets? Or at least that's what we were told early coming out of COP 10. Now the agenda is different. COP 11 is going to focus instead on mechanisms to attain current levels. Now, the truth is that Kyoto signatories showing up in Montreal to declare they won't make their targets, including us as the host country, is an embarrassing story. Why are new post-Kyoto targets no longer on the agenda?

**Hon. Stéphane Dion:** Yes, they are on the agenda; I have said that. That's part of article 3.9, which we need to agree on, so we need to start a process. It's very unlikely that we will agree on targets post-2012. For instance, Europe still has to agree on what they will do for 2008. They don't have an agreement for that yet, but we will start this process in Montreal if there is an agreement, and it's my role to work to see this agreement.

So I have a lot of things to do, and I know I will have the support of this committee for them.

**Mr. Jeff Watson:** How widely will we miss the target, and how much are we going to back-end into the post-Kyoto period?

**Hon. Stéphane Dion:** As I said, it's unlikely that Montreal will be the opportunity to decide additional targets post-Kyoto. It took years to agree on those in the first phase; it cannot be done in a couple of weeks. But that being said, we will start the process, hopefully, at Montreal.

I would be very surprised if any country of Annex 1 would say they give up. I think it's very likely that these countries will say we still have some years to reach our target, and we will all work together to do it with a lot of conviction. That is what Canada will say.

**The Chair:** Thank you, Minister.

Minister, we'll give you two minutes to sum up, but perhaps I could attempt to magnify or use some of the concerns that have been raised by members from all sides here.

The Asia-Pacific partnership, particularly the term "partnership", has been used in a very important area with respect to this transformation, regardless of what has occurred since the partnership was made. As we meet our Kyoto carbon reduction targets, we add value in a sustainable way to our economies with the strategies that are part of Kyoto, many of which are technological, value-added adaptations. I think what the members of the committee are trying to emphasize here is do you, as the minister, and our government, in such an important area with respect to the value-added part of our economy, not see it as troublesome—and I'll use that word very advisedly—that we would be dedicated to Kyoto, on the one hand, in terms of our strategies, and at the same time are denied access to

partnerships of countries that have not signed on to Kyoto? Does that not seem troublesome?

● (1705)

**Hon. Stéphane Dion:** I'm not sure if I understand the question, but the committee is divided on this issue. It's difficult for me to say that the committee came with a clear idea about this, because some of my colleagues said you should not speak to these guys, or said you should be a member of this partnership. What I'm saying is that this partnership—and I will repeat what I have said, Mr. Chair—is only on paper today, with no targets, no money, no projects. The very moment that something concrete comes of it, and it's within Canadian interests to be part of it, I'm sure that many countries will welcome us without any difficulty.

**The Chair:** I don't think you've heard the last of that particular issue, Minister. We'll take that answer for the time being, but I do see some contradictions that the committee has attempted to articulate. As we're talking about our role, as parliamentarians, perhaps we'll have an opportunity to explore that further.

Minister, I think that's it. Thank you for being here. We appreciate it. We'll excuse you for the moment.

Members of the committee, we're going to adjourn a little early.

If I may just say, the steering committee did meet. As a steering committee, we have asked members to respond with agenda items so that the steering committee can then come back to the members with a strategic plan, if you will, for the balance of the sitting.

Okay, thank you very much. The meeting is adjourned.

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