



RECOMMENDATIONS

Green transition

- **Recommendation 1:** That the government increase funding for the Strategic Innovation Fund (SIF)'s Net Zero Accelerator (NZA) initiative and extend the program to projects that will be deployed beyond 2030.
- **Recommendation 2:** That the government ensure that the upcoming *New Tax Credit for Investments in Clean Technology* includes technologies for the minerals and mining sector, including the aluminum industry.

Trade and Carbon Pricing

- **Recommendation 3:** That the government continue its dialogue with industries to explore the potential of border carbon adjustment mechanisms (BCAs).



BODY OF SUBMISSION

Alcoa welcomes the opportunity to contribute to the House of Commons Standing Committee on Finance's 2022 pre-budget consultations in an effort to help government build a lasting framework that supports innovation and inclusive economic growth.

As the International Energy Agency (IEA) rightly points out in its [Achieving Net Zero Heavy Industry Sectors in G7 Members](#) report, heavy industries face four main challenges:

- *First, many technologies required for the industry sector's transition are still at prototype or demonstration stage and not yet ready for deployment at scale.*
- *Second, new production processes with substantially lower emissions intensities will – at least initially – have higher costs.*
- *Third, many products of heavy industries are traded internationally in competitive markets – such as aluminum, with margins that are too slim to absorb elevated production costs and encourage first movers to adopt new technologies.*
- *Finally, heavy industry facilities are long-lived and capital intensive, locking in emissions inertia.*

Against this backdrop, Alcoa's four recommendations aim to accelerate the adoption of green technologies that will help Canada achieve its target of cutting emissions by 40 per cent below 2005 levels by 2030, and put the country on track toward achieving net-zero emissions by 2050. While these goals are ambitious, Alcoa believes the government's sector-by-sector targets are achievable, with the right mix of incentives, funding and regulatory actions.

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Recommendation 2: *That the government ensure that the upcoming New Tax Credit for Investments in Clean Technology includes technologies for the minerals and mining sector, including the aluminum industry.*

The federal government has pledged to help industries to adopt clean technology and transition to net-zero emissions. It is clear that investment in development of new production processes with significantly lower emissions intensities will involve substantially higher initial costs. Even after a successful R&D phase, new systems will be more expensive until they are more broadly available (i.e., produced at scale). The government has a number of levers it can use to incentivize and de-risk such investment. Such levers include, but are not limited to, tax credits that support development of emerging, innovative technologies, recognizing that many may not be commercially viable – or available – for quite some time.



Trade and Carbon Pricing

Recommendation 3: *That the government continue its dialogue with Canada's main trade partners and industries to explore the potential of border carbon adjustment mechanisms (BCAMs).*

It is critical to the competitiveness of any firm operating in Canada to have a level-playing field in the global marketplace. Corporations operating in jurisdictions that have put a price on pollution, that are taking responsible proactive steps to reduce harmful emissions, understandably incur greater costs associated with development and implementation of new technologies. It is unfair -- and, of course, a disincentive to investment -- to penalize companies in the global marketplace by having them compete with companies not operating under similar emission reduction regimes.

If correctly implemented, border carbon adjustment mechanisms have the potential to support and complement the green transition. Canada should closely monitor the European Union implementation of its Carbon Border Adjustment Mechanism (to take effect in 2023) and learn by analyzing the strengths and weaknesses of the Europeans' approach.

Moreover, in order to ensure that Canadian industries remain competitive on a global stage, especially for those who are trading commodities on global markets, carbon pricing mechanisms in Canada should provide plenty of protection against carbon leakage – in the form of free allocations – until a BCAM is fully implemented, if ever.



WHO IS ALCOA

[Alcoa](#) is one of the largest bauxite, alumina and aluminum producers in the world, and is the second largest aluminum producer in Canada. In fact, more than one third of Alcoa's aluminum production capacity is located in Canada, in the communities of Baie-Comeau, Bécancour and Deschambault, which is also home to Alcoa's Global Center of Excellence. Alcoa plays an essential socio-economic role in Canada by providing nearly 2,500 direct jobs, using more than 1,000 local suppliers and generating over \$1.2 billion in local spending annually.

In Canada and around the world, our employees are active members of their communities, working to develop and enable economic activity, foster sustainable environmental practices and create positive social programs that will benefit our host communities for years to come. We recognize the value of being a good neighbor.

Through our actions, we are showing the world what a sustainable aluminum company can look like – and that means providing opportunities to enlist the skills and talents of everyone. Not only are we focused on increasing gender diversity, but we are also placing broad emphasis on improving workforce diversity of underrepresented groups related to ethnicity and disability. Recently, we were honored to be recognized by a number of organizations, including Bloomberg's Gender-Equality Index, a listing awarded to approximately 418 global companies.

Contact

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