



December 10, 2015

The Hon. Catherine McKenna, P.C., M.P.
Minister of Environment and Climate Change
10, rue Wellington
Gatineau, Quebec K1A 0H3

Dear Minister:

In October, the Canadian Chamber of Commerce concluded its 86th Annual General Meeting (AGM) in Ottawa. A major highlight of the Canadian Chamber's AGM is the Policy Session. It is during the Policy Session that resolutions submitted by local chambers of commerce and boards of trade from throughout Canada are debated and voted on by accredited delegates. Once approved, these resolutions become policy of the Canadian Chamber for the following three years. In 2015, our delegates issued a clear and decisive national policy mandate that we intend to pursue vigorously with the federal government over the coming months.

Our renewed national policy mandate includes the following issues that fall within your portfolio.

Clean Technology and the Renewable Energy Sector in Canada

For the first time in more than a century, multiple signs suggest that the dominance of fossil fuels is beginning to decline. We are seeing the beginning of a new technology revolution that will provide huge economic benefit for those able to place themselves at the forefront. The scope of the clean technology and renewable energy opportunities are poorly understood. While investments in renewable energy are well underway in many jurisdictions, the scope of change required will be well beyond electricity generation. Innovation in terms of new technologies and new practices will be required in a range of other areas.

These technologies are in demand worldwide and will be a catalyst in driving a diverse 21st century economy in Canada. Jurisdictions around the world are looking to lead. Without a coordinated plan, we will quickly see Canada overtaken and left behind in the new global economy, missing huge economic opportunities.

The Canadian Chamber recommends that the federal government:

1. Develop, expand and implement plans to make Canada a global leader in the sustainable technology and energy sectors

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2. Work with the business community, provinces/territories and international institutions and governments to ensure that individual jurisdiction carbon pricing programs work toward a common target for emissions reductions.

I am also bringing the preceding resolution to the attention of Minister Carr, Minister Bains and Minister Dion, since there are aspects of it which fall within their portfolios.

Accelerating Domestic Styrofoam Reuse and Remanufacture for Environmental and Economic Gain

Regulations across Canada have encouraged the collection and recycling of Expanded Polystyrene (EPS) post-consumer products, commonly referred to as Styrofoam (a trademark name); however, the ability to re-use EPS waste is limited to specific types (clean, un-dyed, uncontaminated). Most EPS still ends up in landfills or shipped overseas regardless of how it was collected. EPS in landfills is comprised of 98% air that "overfills" sites per weight and lasts indefinitely. A common contaminant of EPS products is fire-retardant chemicals, such as hexabromocyclododecane (HBCD) or perfluorooctanoic acid (PFOA) and related products. These compounds can leach into the ecosystem and are an environmental risk.

The Canadian Chamber recommends that the federal government work with provinces and territories to:

1. Actively promote the diversion of waste Expanded Polystyrene (EPS) from landfills.
2. Engage with Canadian plastics industry companies and institutions and provide incentives to stimulate research into and the development of high value made-in-Canada products from recycled EPS.
3. Support the research and development of cost-effective mechanisms to decontaminate EPS for the purpose of recycling and re-use.

Does Our Water Abundance Mask a Potential Challenge? The Need for a National Water Framework

According to the World Economic Forum's 2014 Global Risks Perception Survey, water security is one of the top three most concerning global risks facing the world today.¹ This resolution seeks to build upon the existing 2013 Canadian Chamber of Commerce resolution *Water for Sustainability – A National Water Strategy* by positing that Canada is not immune to water security risks and that our assumed freshwater endowment and fragmented jurisdictional responsibility mask potential water challenges and the need for a national water framework.

The Canadian Chamber recommends that the federal government works with the provinces and territories to:

¹ World Economic Forum, *The Global Risks Report 2015*, <http://reports.weforum.org/global-risks-2015/part-1-global-risks-2015/environment-high-concern-little-progress/>

1. Commission new research into water rights management, the sustainability of Canadian water resources, the potential for national water shortages and the potential impact on Canadian businesses, and make this research and any subsequent resources or tools publicly available.
2. Craft a national water framework in partnership with the provinces and territories that consolidates and updates existing legislation and strategies, while respecting any existing international, interprovincial or inter-territorial agreements, and ensures Canadians across the country and all levels of government understand:
 - a. The water rights management framework;
 - b. The location and abundance of our current water resources;
 - c. How water is used and managed (currently and in the future) for the benefit of both human and environmental needs;
 - d. The potential impact of climate change and anthropogenic activities on our water resources;
 - e. The replenishment rate and returning quality of major water resources; and
 - f. How to properly manage water resources to ensure it remains a sustainable resource for Canadians in the future.
3. Incorporate consultations with First Nations, Inuit and Métis groups, businesses and business organizations, and the public into the creation of such a national water framework.

Greenhouse Gas (GHG) Emission Reduction through Economic Instruments

The Canadian Chamber of Commerce network is a longstanding supporter of carbon pricing, to the extent that all economic players are subject to a similar carbon tariff, regardless of the economic instrument used, whether it is a carbon tax or a cap and trade system. Such coverage is essential to maintaining a level competitive playing field. It is therefore desirable for other provinces to follow the lead of British Columbia and Quebec in combating climate change.

Canada's chambers of commerce can be leaders and actors of change and promote the commitment at the Paris conference of COP 21, throughout the country. Therefore, there are plans for the chamber of commerce movement, everywhere in Canada, to join their sustainable development sector in order to urge the federal government to adopt a Canadian strategy for GHG emission reduction with a target, and measures and mechanisms to reach this target.

The Canadian Chamber recommends the federal government:

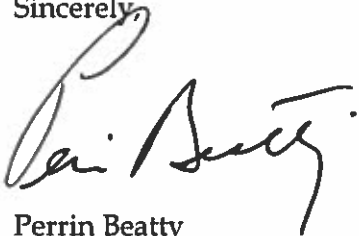
1. Adopt an approach and mechanisms to combat climate change in order to establish and reach a GHG emission reduction target by 2050.
2. Work with the provinces and territories to:
 - a. Adopt carbon pricing mechanisms that will help realize Canada's international commitments to reduce GHG emissions. The selection of these mechanisms must take into consideration the actions of competitor jurisdictions and the impact on Canada's global competitiveness.

- b. Ensure revenue collected from carbon pricing mechanisms directly facilitates businesses' transition to a lower carbon economy – it should not go into general revenues. Further, the allocation of that revenue should be objective and transparent.
- c. Adopt policy instruments that sufficiently price the negative externalities associated with greenhouse gas emissions to achieve this target.

I am also bringing the preceding resolution to the attention of Minister Dion, since the subject falls within his portfolio.

A copy of the complete text of these resolutions is attached. I look forward to the opportunity to meet with you soon.

Sincerely,

A handwritten signature in black ink, appearing to read 'Perrin Beatty', with a stylized flourish at the end.

Perrin Beatty
President and Chief Executive Officer

Attachments

Clean Technology and the Renewable Energy Sector in Canada

Issue

Much of the recent energy dialogue has focused on the price of oil and the impact this is having on federal and provincial budgets. This misses the fact that a more fundamental shift is occurring in the global economy. For the first time in more than a century, multiple signs suggest that the dominance of fossil fuels is beginning to decline. We are seeing the beginning of a new technology revolution that will provide huge economic benefit for those able to place themselves at the forefront of this revolution. One only need to look at countries such as Germany to appreciate how taking a leadership approach to this new green economy can benefit an entire country both economically and environmentally.² Unfortunately, while some Canadian provinces have a strong international reputation for innovation on climate change we, as a country, are not leveraging this reputation to be at the forefront of the growing green technology economy.

The scope of the clean technology and renewable energy opportunities are poorly understood. While investments in renewable energy are well underway in many jurisdictions, the scope of change required will be well beyond electricity generation. Innovation in terms of new technologies and new practices will be required in a range of other areas.

Sector	Examples of Technology
Electricity Access	Upgraded Power Grids Off-grid technologies
Water Management	Wastewater Treatment
Waste Management	Recycling Energy capture from landfills
Climate Change/Reducing Emissions	Mitigation technologies Upgraded power grids Renewable energy, wind, solar, geothermal, geoexchange, tidal, biomass, hydro, etc. Electric and hybrid vehicles Carbon Capture and storage Adaption technologies New cultivation practices Climate resistant infrastructure: sea walls, drainage capacity, water, forest and biodiversity management, etc.
Transport	Rapid Transit systems Low emission vehicles and fuels, biogas, natural gas and plug in

² <http://thetyee.ca/News/2014/10/20/German-Clean-Energy-Revolution/>

	electric
Building Energy Efficiency	Thermal Insulation Energy efficiency programs Best practice building codes

It should be recognized that some Canadian and international governments have already begun placing a direct focus on the green economy. "Technology and Green Economy" forms a part of the BC Jobs Plan. In addition the British Columbia Provincial Government has also developed "BC's Green Economy – Growing Green Jobs". Nova Scotia has created a rebate programs for a variety of solar and energy efficient green products for consumers through Efficiency Nova Scotia.³ "Sustainable Development Technology Canada" (SDTC) has established a role that fills the gap in government funding for Canadian renewable energy and cleantech projects. In addition, they provide consultation for small and medium-sized enterprises (SMEs) wishing to engage in clean technology and renewable energy projects.⁴ While the creation of SDTC is a welcome initiative, it is insufficient for the scale of the challenge facing Canada. While this program needs to be highlighted, expanded and encouraged, there are other successful programs in other jurisdiction that should be replicated here in Canada; perhaps the best examples can be found in Germany.

In conjunction with their National Action Plan on Energy Efficiency (NAPE), Germany has implemented a number of investment and incentive programs to foster the shift to renewable energy generation and clean technology⁵. Some of these include, but are not limited to, premium funding to strengthen the establishment of the renewable technologies in the heat market, special promotions of offshore wind energy projects, low-interest loans, high volume loans for large-scale investment projects. The [SME Energy Consulting programme](#) in Germany which is run by KfW and the Federal Ministry for Economic Affairs and Energy helps unleash energy saving in SMEs. Consultations may qualify for subsidies of up to 80 per cent of the consultation costs. Around 17,000 companies received consultations under this program from 2008 to 2013. All told, the consultations led to EUR 0.7 to 1.4 billion of investment and 1.5 to 2.7 terawatt-hours of energy savings. Every publicly financed euro generated EUR 16 to 29 in private investment.⁶

Canada needs to move beyond the limited focus on Canada's traditional industries and make Canada a global leader in all aspects of the new emerging global green economy. As an example, the Canadian government needs to make clean technology, including renewable energy production and the manufacture of renewable energy producing products (like solar panels, wind turbines, etc.), a high priority in Canada in an effort to grow a diversified 21st century economy.

This strategy should be broad and to be successful would have to address the following challenges:

- build a stronger industrial structure, i.e. larger SMEs and more large firms entirely dedicated to the environment and green technology;
- develop and accelerate the marketing of homegrown technologies;

³ <http://www.efficiencyns.ca/energy-solutions/solar/>

⁴ <https://www.sdte.ca/en>

⁵ <http://www.kpmg.com/global/en/issuesandinsights/articlespublications/taxes-and-incentives-for-renewable-energy/pages/germany.aspx>

⁶ <http://www.bmw.de/EN/Topics/Energy/Energy-Efficiency/energy-consulting-and-funding.did=687122.html>

- capitalize on local markets to stimulate growth in the environmental and green technology industry;
- increase exports and acquire a strong position in buoyant niches in international markets;
- achieve the convergence of the efforts of all players in the sector

While market forces will be a key determinant of successful new technologies, governments have a critical role to play in setting the scene for this societal shift. We have seen a number of instances where government has been successful in initiating programs that have resulted in positive outcomes. As already referenced the carbon tax has been a resounding success in reducing BC's greenhouse gas emissions while having no negative impact on the rate of growth in the BC economy. In addition, we have seen the Efficiency Nova Scotia programs result in a significant reduction in electricity consumption through a range of programs, including targeted incentive and rebate programs. We have just seen the election of a provincial government in Alberta that is committed to a boost for renewable energy and a green retrofitting loan program.

To ensure that Canada is able to move quickly to establish ourselves as a global leader government, we should look to best practices globally to identify programs that encourage the production, sale and purchase of renewable energy and green products. Canada has a unique opportunity. Canada has an undeniable advantage to be at the vanguard of addressing the challenges raised by today's industrial and environmental issues. This will require consultation and a focused effort by government to play a leadership role in partnership with the private sector.

These technologies are in demand worldwide and will be a catalyst in driving a diverse 21st century economy in Canada. Jurisdictions around the world are looking to lead. Without a coordinated plan we will quickly see Canada overtaken and left behind in the new global economy, missing huge economic opportunities.

Recommendations

That the federal government:

3. Develop, expand and implement plans to make Canada a global leader in the sustainable technology and energy sectors
4. Work with the business community, provinces/territories and international institutions and governments to ensure that individual jurisdiction carbon pricing programs work toward a common target for emissions reductions.

Accelerating Domestic Styrofoam Reuse and Remanufacture for Environmental and Economic Gain

Issue

Regulations across Canada have encouraged the collection and recycling of Expanded Polystyrene (EPS) post-consumer products, commonly referred to as Styrofoam (a trademark name); however, the ability to re-use EPS waste is limited to specific types (clean, un-dyed, uncontaminated). Most EPS still ends up in landfills or shipped overseas regardless of how it was collected. EPS in landfills is comprised of 98% air that "overfills" sites per weight and lasts indefinitely. A common contaminant of EPS products is fire-retardant chemicals, such as

hexabromocyclododecane (HBCD) or perfluorooctanoic acid (PFOA) and related products. These compounds can leach into the ecosystem and are an environmental risk.

What is EPS

For more than 50 years, the effectiveness of Expanded Polystyrene (EPS) has been proven in numerous applications used by a wide variety of industries, consumer product manufacturers, and shipping companies. It is a rigid, closed-cell foam that is non-toxic, inert and made without chlorofluorocarbons (CFCs). EPS expandable polystyrene beads are processed and molded into either low or high-density foam products.

Lightweight EPS is ideal for packaging applications due to its cushioning characteristics, dimensional stability, and thermal and moisture resistance. There is a growing use of EPS in construction as insulating concrete forms and insulated EPS sandwich panels as well as structural blocks in road and highway construction.

EPS in Canada

According to the 2008 EPS Recycle Rate Report prepared by the Alliance for Foam Packaging Recyclers (AFPR), the total amount of post-consumer and post-commercial EPS sold in the USA was 172 million pounds.

A report compiled for the Canadian Plastics Industry Association, 2013, estimated the total amount of EPS recycled in Canada was about 2.5 million kilograms. The majority of the post-consumer and post-commercial EPS is impact-absorbent packaging for fragile electronic devices. In 2014, Canada imported nearly \$59 billion worth of electronics. The estimated cost of packaging for electronics is approximately \$860 million. Depending on provincial regulations, electronic companies may take the responsibility of recycling the end-of-life electronics through different product stewardship programs across Canada; however, electronic companies refused to recycle EPS packaging. This means that each year, hundreds of millions of dollars of packaging materials are sent to landfills, instead of being recycled.

Due to the weight of EPS, diversion will have minimal effect on municipal diversion rates or goals compared to heavier items (e.g., bottles) and is, therefore, low on the priority list.

Environmental Concerns

Unfortunately, EPS is virtually indestructible and does not biodegrade for hundreds of years and is resistant to photo decomposition.

In 2012, an estimated 14.4 million pounds (80%) of EPS waste in Canada went to landfills, rivers, streams and the ocean. This is the equivalent of 18.4 million cubic feet, or 208 Olympic sized swimming pools of EPS waste in Canada each year. In ten years, it is estimated that over 64,000 trailer loads (40' trailers) of post-consumer and post-commercial EPS waste will be buried in landfills across the nation. Due to the light weight and large volume physical properties, the total cost to haul EPS waste from transfer stations to landfill sites is estimated to be \$20 million, and the landfill cost is estimate to be \$2.4 million.

Clean EPS packaging has less impact on the environment than molded pulp packaging; however, toxic fire retardants such as hexabromocyclododecane (HBCD) is included in the production of EPS for insulation and imported for the construction industry, accounting for 99% of HBCD use in Canada. Approximately 92.4% of products contaminated with HBCD will ultimately be landfilled, with contaminants potentially leaching into the environment. The federal government is currently proposing to prohibit the importation of products containing HBCD and similar fire retardants as safer alternatives exist; however, future disposal of EPS made with fire retardants currently in use is unknown.

A Commercial Opportunity

EPS is 100% recyclable. Recycled post-consumer and post-commercial EPS can be turned into value-added plastic products, such as crown moldings, picture frames, park benches, movie props, faux marble and stone, etc., reducing the amount of virgin material needed. Comparing the various options for the 14.4 million pounds of EPS waste in landfills every year, and using the virgin material price at \$0.90 per pound, following are the costs and Value Returned/Retained on each option (using 2012 figures):

	Market Value (\$/lb)	Economic Value (\$)
Landfill: Cost of hauling and landfill	0.13	(1,896,480)
Compacted and exported to China	0.16	2,304,000
Extrude & palletize PS, and sell in open market	0.50	7,200,000
Basic recycled plastic products	1.20	17,280,000
Innovate and high value recycled plastic products (conservative estimate)	2.00	28,800,000
Innovate and high value recycled plastic products (optimistic estimate)	3.00	43,200,000

Recommendations

That the federal government work with provinces and territories to:

4. Actively promote the diversion of waste Expanded Polystyrene (EPS) from landfills.
5. Engage with Canadian plastics industry companies and institutions and provide incentives to stimulate research into and the development of high value made-in-Canada products from recycled EPS.
6. Support the research and development of cost-effective mechanisms to decontaminate EPS for the purpose of recycling and re-use.

REFERENCES

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www.epsindustry.org

Flame Retardant Alternatives for Hexabromocyclododecane (HBCD), Final Report, June 2014, EPA Publication 740R14001. <http://www2.epa.gov/saferchoice>

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Does Our Water Abundance Mask a Potential Challenge? The Need for a National Water Framework

According to the World Economic Forum's 2014 Global Risks Perception Survey, water security is one of the top three most concerning global risks facing the world today.⁷ This resolution seeks to build upon the existing 2013 Canadian Chamber of Commerce resolution *Water for Sustainability – A National Water Strategy* by positing that *Canada is not immune to water security risks and that our assumed freshwater endowment and fragmented jurisdictional responsibility mask potential water challenges and the need for a national water framework.*

The demand for fresh water continues to rise and global water requirements are projected to be pushed beyond sustainable water supplies by 40% by 2030. Agriculture already accounts for approximately 70% of total water consumption but, according to the World Bank, food production will need to increase by 50% by 2030 as the population grows and dietary habits change. The International Energy Agency further projects water consumption to increase by 85% by 2035 to meet energy production needs. In addition, population pressures and the changing climate are only serving to compound current water demands.

An assumption exists that Canada is blessed with abundant freshwater and need not be concerned with water scarcity. However, while Canada has 20% of the world's total freshwater resources, less than half of this water is deemed "[renewable](#)", meaning that it is useful and accessible for humans. The remainder of this freshwater resource is locked away in fossil water caches such as in aquifers or glaciers.⁸

Currently, Canada does not have an adequate national water strategy or governing framework for our water resources. We lack a full and accessible national accounting of our existing water resource, our current water needs, and the projected water demands of the future. In addition, we have little national understanding of the cumulative impacts of our water use, including the timing and volume of water withdrawals, the speed of return flows and the quality of returning water – information necessary for governments to adequately, and fairly, assess applications by industry or agriculture to withdraw water for their operations.

As water is essential not only for human life but for the production of food, energy, and products of all kinds, it is vital that it is managed sustainably to meet future needs. The lack of a national water framework compromises our ability to manage this resource sustainably and makes industry susceptible to future water shortages or unduly aggressive conservation measures. As responsibility for water is fragmented between federal, provincial, and municipal governments and various departments and agencies,⁹ only a governance framework of national scope that consolidates and updates existing water management strategies across the country will be sufficient to know how and why we use water in the ways we do and how we manage the resource for the future.

Recommendations

⁷ World Economic Forum, *The Global Risks Report 2015*, <http://reports.weforum.org/global-risks-2015/part-1-global-risks-2015/environment-high-concern-little-progress/>

⁸ Environment Canada website. Accessed from: <https://www.ec.gc.ca/eau-water/default.asp?lang=En&n=1C100657-1>

⁹ National Roundtable on the Environment and the Economy, "Changing Currents: Water Sustainability and the Future of Canada's Natural Resource Sectors." Accessed from: <http://www.blue-economy.ca/sites/default/files/reports/resource/changing-currents-water-report-eng-1.pdf>

That the federal government works with the provinces and territories to:

4. Commission new research into water rights management, the sustainability of Canadian water resources, the potential for national water shortages and the potential impact on Canadian businesses, and make this research and any subsequent resources or tools publicly available.
5. Craft a national water framework in partnership with the provinces and territories that consolidates and updates existing legislation and strategies, while respecting any existing international, interprovincial or interterritorial agreements, and ensures Canadians across the country and all levels of government understand:
 - a. The water rights management framework;
 - b. The location and abundance of our current water resources;
 - c. How water is used and managed (currently and in the future) for the benefit of both human and environmental needs;
 - d. The potential impact of climate change and anthropogenic activities on our water resources;
 - e. The replenishment rate and returning quality of major water resources; and
 - f. How to properly manage water resources to ensure it remains a sustainable resource for Canadians in the future.
6. Incorporate consultations with First Nations, Inuit and Métis groups, businesses and business organizations, and the public into the creation of such a national water framework.

Greenhouse Gas (GHG) Emission Reduction through Economic Instruments

G7 leaders met on June 8, 2015 notably to discuss climate change and committed themselves to various objectives, including:

- Hold the increase in global average temperature below 2°C;
- Reduce global GHG emissions “in the upper hand” of 40 to 70% reductions by 2050 compared to 2010 through “a global response”;
- [Do their] part to achieve a low-carbon global economy in the long-term;
- Adopt an agreement at the Paris Conference this fall.

In the past, Canada committed itself to various targets, including limiting GHG emissions to 555 megatons in 2012, under the Kyoto Protocol, 610 megatons in 2020 under the Copenhagen Agreement and, on May 15, 2015, to a 515 megaton limit in 2030. The Kyoto target for 2012 has been largely surpassed (715 megatons according to the latest revision, or 160 megatons over target or +29%) whereas the targets of Copenhagen and last May are not likely to be met at the current rate – the latest results for 2013 show another increase in emissions to 726 megatons.

A growing number of Canadians already see products having a carbon component or being transported, being priced. This is the case in British Columbia, with a carbon tax, and in Quebec with a royalty paid to finance a cap and trade system under the Western Climate Initiative (WCI). Ontario announced on April 13, 2015 that it intends to join the WCI along with Quebec and California. Consequently, these provinces have taken the path of innovation and sustainable development.

The Canadian Chamber of Commerce network is a longstanding supporter of carbon pricing, to the extent that all economic players are subject to a similar carbon tariff, regardless of the economic instrument used, whether it is a carbon tax or a cap and trade system. Such coverage is essential to maintaining a level competitive playing field. It is therefore desirable for other provinces to follow the lead of British Columbia and Quebec in combating climate change.

The Paris Conference will give several states or countries the opportunity to reveal their targets for GHG emission reduction beyond 2020, possibly through to 2050. Canada's commitment to promote sustainable development must be accompanied by actions supporting that commitment. It is particularly important to align with jurisdictions where we expect to have free trade agreements, such as the European Union.

Canada's chambers of commerce can be leaders and actors of change and promote this commitment throughout the country. Therefore, there are plans for the chamber of commerce movement, everywhere in Canada, to join their sustainable development sector in order to urge the federal government to adopt a Canadian strategy for GHG emission reduction with a target, and measures and mechanisms to reach this target.

Recommendations

That the federal government:

3. Adopt an approach and mechanisms to combat climate change in order to establish and reach a GHG emission reduction target by 2050.
4. Work with the provinces and territories to:
 - a. Adopt carbon pricing mechanisms that will help realize Canada's international commitments to reduce GHG emissions. The selection of these mechanisms must take into consideration the actions of competitor jurisdictions and the impact on Canada's global competitiveness.
 - b. Ensure revenue collected from carbon pricing mechanisms directly facilitates businesses' transition to a lower carbon economy – it should not go into general revenues. Further, the allocation of that revenue should be objective and transparent.
 - c. Adopt policy instruments that sufficiently price the negative externalities associated with greenhouse gas emissions to achieve this target.