

house in order first, and in so doing accrue the benefits of energy savings, increased competitive edge, and the prominence of world leadership? Or alternatively, should the money be directed to where it will have the most effect? For example, preservation and reforestation of the rain forest is known to be a more effective means of sequestering carbon than planting trees in Canada's boreal forest. Improvements to the operation of a Chinese coal-fired utility would likely yield far greater reductions in the emission of gaseous contaminants than would the same expenditure on a relatively modern utility in Canada.

Deborah Stine pointed out, that politically, this is a very difficult issue to resolve. It is definitely cheaper to assist a developing nation, as the gains to be realized in terms of reduction of greenhouse gas emissions are very large. However, you are paying for someone else's energy efficiency and it does not appear that you are reaping any of the benefits. Jim Leslie, on the other hand, revealed another side of the argument:

If the U.S. pursues an international policy and allows companies credits for offsets and Canada pushes ahead toward a domestic-reduction-only policy, our competitiveness will be at stake.<sup>89</sup>

The Committee recognizes that there is probably no specific solution to this problem. However, just as witnesses before this Committee have recommended the use of a mixture of mitigative actions to combat global warming a blend of national and international actions may be in the best interest of all peoples. The Committee feels that it is essential that the Canadian government attempt to develop a balanced and integrated national-international policy for the reduction of greenhouse gas emissions, one that allows Canada to accrue benefits from mitigative actions, but one that also responds to international well-being.

Jim Leslie informed the Committee that the new United States energy bill contains a number of provisions that relate to climate change. In particular, the bill promotes the pursuit of voluntary reductions in greenhouse gas emissions.

In fact, the bill contains a provision for the documentation and voluntary reporting of greenhouse gas emission or mitigation actions, including the annual reductions in emissions and carbon fixation by any and all measures.<sup>90</sup>

Jim Leslie asserts that a similar program is required in Canada. The Committee believes that the guarantee of retroactive greenhouse gas reduction credits would act as an inducement to proactive companies to begin their emission reduction programs now.

### **Recommendation No. 21**

**The Committee recommends that the Government of Canada institute a sunset program to (i) establish a greenhouse gas emission data base, (ii) receive emission reduction reports, (iii) assign value to emission reduction activities, and (iv) upon implementation of an appropriate economic instrument, retroactively credit industries for their reduction achievements.**

One of the traditional barriers to increased market penetration of energy-efficient appliances, tools, pumps and furnaces is the initial higher capital cost. As pointed out by Deborah Stine:

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<sup>89</sup> Ibid., p. 27.

<sup>90</sup> Ibid., p. 24.