



Canada and the Quest for a Sustainable World

Key Note Address delivered at the 16-18 June 2021 EURAM 2021 Conference, entitled “Reshaping Capitalism for a Sustainable World”

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Professor Thomas Durand, President-elect of the European Academy of Management,
Ladies and Gentleman,

The European Academy of Management, in collaboration with the Université du Québec à Montréal, invites me, in front – at least, virtually – of this prestigious audience, to address the crucial issue of the quest for a sustainable world. It is an honor, for which I am grateful, as Prime Minister Trudeau's Special Envoy to the European Union and to Europe. Sustainable development is perhaps the area in which I have worked and written the most since I chaired COP11 in 2005, which dates me a bit!

I like the title of this conference "Reshaping Capitalism for a Sustainable World" because that is exactly what we need to do: harness the extraordinary potential of market forces to reorient them towards sustainable development rather than a self-destructive one. I will first highlight the full extent of this challenge, before underlining the important role that Canada will play in this quest for a sustainable world.

1. The Quest for a Sustainable World

The first thing we have to say is that humanity is experiencing economic, social and scientific development of an impressive, unprecedented scale, filled with good news. Consider the numbers. Between 1970 and 2020, humanity doubled its population and multiplied its wealth by five. During this period, the global average life expectancy increased from 56 to 72 years. The proportion of people living in extreme poverty (on less than \$2 a day) has fallen from one in two (48%) in 1970 to less than one in ten in 2020, according to the World Bank. In 1990, nearly one in three people did not have access to electricity, which has been reduced to one in ten today. Spectacular progress, which must continue.

However, there is a huge problem, which is the subject of our conference: the planet is struggling to keep up with us, which seriously compromises our progress and even puts us in danger of regression. We are sawing off the branch we are sitting on.

Since 1970, the extraction of natural resources has tripled, one million of the eight million known animal and plant species are threatened with extinction, and ecosystem



degradation is accelerating. We emit twice as many greenhouse gases as in 1970. We have emitted more since 1990 than in the previous 140 years.

In the 2015 Paris Agreement, we committed to limiting global warming to well below 2, preferably 1.5 degrees Celsius, compared to pre-industrial levels. Unfortunately, we are not going down this path. The World Meteorological Organization has just published a report indicating that global warming of 1.5 degrees could be reached as early as 2025, in just four years!

After a drop, caused by the economic repercussions of the COVID-19 pandemic, global energy-related CO₂ emissions began to rise again in mid 2020. In December 2020, these emissions increased by 2% compared to the same month of the previous year. They are projected to grow by 4.8% in 2021, according to the International Energy Agency. If nothing changes, the momentary 2020 drop will only have been a parenthesis in the continued growth of greenhouse gas emissions (GHG).

Climatologists warn that the current trajectory in greenhouse gas emissions will lead to a global warming of at least 3°C above preindustrial levels by 2100, with warming continuing after. A 3°C – or more – rise in global warming is not a world that we want to pass on to future generations.

No population will be immune – least of all the poorest and most vulnerable – from the worst of the effects of climate change, including growing intensity of extreme meteorological events, rising ocean levels and salinization of land and water, acidification and alterations in seawater chemistry and in fisheries ecology, further extinction of animal and plant species, damage to infrastructure and human habitat, prolonged droughts and heat waves with record temperatures at around 50C, more frequent dust storms and increased desertification, food scarcity and water stress, and more wildfires and damage to soils.

We must never lose sight of the fact that climate change comes in addition to many other environmental challenges. Even without climate change, we would still face an ecological crisis. After all, it is not climate change that causes pollution by chemicals, overfishing, over-harvesting forests, and depleting soils, discharging 80 percent of wastewater without treatment, emptying groundwater or sending vast quantities of plastic into the oceans.



What climate change is doing is exacerbating all these ecological disturbances, to the point of risking undoing “the last fifty years of progress in development, global health, and poverty reduction”, to quote Philip Alston, the United Nations Special Rapporteur on Extreme Poverty and Human Rights.

The fight against climate change is also a geostrategic issue. Military and climate experts warn that severe and growing environmental disruptions, aggravated by human made climate change, are an amplifying factor of conflict and instability. To a significant extent, the future of world peace depends on the seriousness with which we will implement assertive post-COVID green recovery plans.

In this relentless fight against man-made climate change, we can certainly draw inspiration from the determination with which we have fought the coronavirus disease. However, it will be necessary to keep in mind the different nature of these two fights.

In the case of the COVID-19 pandemic, governments reacted by putting their populations in a situation of temporary abnormality and therefore untenable in the long term. Indeed, we cannot, forever, confine populations, deprive hundreds of millions of children of school, paralyze almost all economic activities and ask governments to compensate by falling into astronomical debt.

In the case of the fight against climate change, it is a question of creating the opposite of a transitory abnormality, that is to say a lasting sustainable normality. The objective is to allow a normal life, where humanity will continue to pursue its objectives of economic and social progress and justice, but while preserving the same possibilities for future generations, and therefore without destroying the natural environment or disturbing the climate.

To keep the global increase in average temperature to less than the 2 ° C limit that scientists warn us about, the world needs to change path. It needs to reach net-zero GHG emissions by 2070. Almost all developed countries have pledged to take the lead in reaching it by 2050. But 2050, this is only 29 years away, a very short time for such an ambitious goal.

If there is one opportunity not to be missed, it is that of green recovery. The post-COVID economic recovery must be sustainable and build an economy that is genuinely more



respectful of the planet and the climate. This opportunity should not be missed because we do not know when the next time governments will invest so decisively in the green transition.

Both credible national action plans and optimal international cooperation are needed to achieve these ambitious goals. For this critical ecological transition, Canada has a lot to offer and is determined to do so.

2. Canada: a Partner of Choice for a Sustainable World

In recent months, the Government of Canada has released its new climate plan, its hydrogen strategy and its green recovery plan. It announced a significant increase in its ambition, raising its goal of reducing GHG emissions from 30% to 40-45% compared to 2005 levels, by 2030, which will launch our country towards net zero emissions by 2050. This plan aims to harness the full potential of our federation, our economy and our society.

Canada is aware of its responsibilities and abilities, with its world-class research and advanced manufacturing talent. Few other countries are both among the world leaders in clean technologies and a major supplier of the resources necessary for the ecological transition. Some of the key technology sectors in which Canada has established itself as a partner of choice include: CO2 capture, energy storage, smart grid, hydrogen and water technologies, to name just a few. Canada has the ability to export a surplus of clean renewable energy and key resources that can help other countries meet their GHG reduction targets.

In particular, Canada is home to a wide variety of critical minerals and metals, like graphite, nickel, cobalt and lithium, and has the fourth largest reserves of rare earth elements. Canada has a long history of producing many of these minerals, and has the potential to produce many more. These minerals and metals are the building blocks for the clean and digitized economy; they are essential for the manufacture of zero emission vehicles and the decarbonisation of heavy industry as well as for clean energy production and clean technology applications (batteries, permanent magnets, solar panels and wind turbines). Canada is one of the only nations in the western hemisphere with all the minerals and metals needed to produce advanced batteries for electric vehicles.



In a recent report, the International Energy Agency calls on governments – and Canada explicitly – to act together now to reduce the risks of price volatility and supply disruptions for these minerals. The world needs resilient global value chains for critical minerals and for that, Canada will be a secure and responsible source of supply. It aims to position itself as the leading mining country for sustainable and responsible minerals on world markets. Just last Monday, Canada and the EU agreed to establish a strategic partnership to reduce supply chain risks for these minerals and metals critical to the transition to a climate-neutral and digitized economy.

Last December, Canada launched a hydrogen strategy that will deploy hubs across the country, bringing together Canadian expertise throughout the entire value chain. This will build new hydrogen supply, distribution, and end uses to support a low-carbon energy ecosystem. Canada aims to become a Top-3 producer of clean hydrogen and supplier of choice to the world.

Another key area where Canada's contribution will be greatly needed is Carbon Capture, Utilisation and Storage, or CCUS. It is quite possible that a large deployment of this technology will be necessary for the successful transition to a net zero carbon economy.

Indeed, energy provided from fossil fuel combustion is by far the largest source of GHG emissions. Coal, oil and natural gas enabled the global industrial revolution and despite our best efforts, they continue to provide over 80% of the world's energy consumption, a ratio that has barely changed since 1990. A complete replacement of fossil fuels with zero emission energy by 2050 for our countries, and by 2070 for the world, may be unrealistic, but then, if it is, our net-zero emissions target cannot be achieved without carbon capture.

The International Energy Agency is of the view that Carbon Capture, Utilisation and Storage will provide nearly 15% of the cumulative reduction in emissions to reach carbon neutrality for 2070. In this net-zero pathways, the need for CO₂ storage grows from around 40 Mt/year in 2020 to 10,400 Mt/year by 2070. CO₂ is captured in the power sector, heavy industry, hydrogen, ammonia and biofuel production, and also removed through direct air capture.



It will take intense cooperation between our countries for this technology to reach such a large-scale deployment in such a short time. Canada intends to make a significant contribution in this regard.

Another essential tool for effectively tackling the climate crisis is carbon pricing, the backbone of a good climate plan. The Government of Canada has proposed an ambitious carbon price trajectory for our country, which will rise from its current \$40 per tonne of CO₂ to \$170 in 2030.

Today, the overwhelming amount of global GHGs is still issued free of charge. Collaboration to encourage other countries to apply a price on carbon is a keen area of focus for Canada. Effective coordination of carbon pricing policies, or better, a credible global carbon pricing system, coupled with a common WTO-compatible approach to carbon border adjustments, would act as a catalyst, in order to accelerate the diffusion of clean technologies. These necessary tools would help keep borders open to trade and avoid the risk of carbon leakage, in addition to unlocking substantial sums to support the most vulnerable countries in their efforts to develop their climate change mitigation and adaptation strategies.

By implementing its pan-Canadian carbon pricing policy, the Government of Canada is ensuring that the amounts thus levied on CO₂ emissions are redistributed so that the vast majority of households receive more money back than they pay in the jurisdictions where the federal backstop applies. The Government of Canada designed its strategy to create a powerful incentive for truly sustainable economic prosperity with greater social justice. And social justice, the just transition, is essential for success, because nothing will be possible without maintaining the support of our populations.

Indeed, consideration of justice will be of crucial importance for the success of a global ecological transition of such magnitude. Human beings work much better together when they believe that what is asked of each of them is fair and equitable compared to what is asked of others.

It is true that we need to act now, without delay, otherwise it will be too late to avoid the terrible impacts of climate change. At the same time, we need to act fairly, between countries and with regard to our own populations.



Between countries, we must make the best use of all the multilateral tools at our disposal. Canada is supporting developing countries in their efforts to address environmental challenges, notably in being a solid partner of the Global Environment Facility, the Green Climate Fund and the World Bank's Energy Sector Management Assistance Program.

Within countries, governments need to keep their citizens on board, as their present daily life is so closely linked to the use of fossil fuels. A concrete example of the difficulty combining swift and fair action is the phasing out of coal. To this end, Canada and the UK launched the Powering Past Coal Alliance.

Managing the necessary global phase out of coal will be a considerable challenge. First, we will need to replace, in a fair, affordable and reliable way, the immense energy power currently generated by coal. Second, we need to make the transition socially just for the people most directly affected.

These workers, unions and communities deserve much respect. They are women and men proud of their legacy and contribution to their community and country, having provided affordable and reliable electricity for generations. They do not appreciate having their work, their traditions and skills in producing coal being denigrated as 'dirty'. Any sign of lack of respect and consideration to these people will only give ammunition to the too numerous populist politicians who are trying to boost their support by attacking climate change policies.

In Canada, in Germany, in the EU, just transition plans are being deployed to provide tailored financial and practical support to workers, regions and sectors most affected in moving away from fossil fuels, notably coal. These plans must be successful. We need to keep these workers, their unions and their communities on board for the fight against climate change and as part of the solution for a socially just transition.

I cannot end this speech on the quest for a sustainable world without saying a word about the responsibility of Canada towards the global ecosystems, as a country vast as a semi-continent, with breathtaking landscapes, bordered by three oceans, and covering a quarter of the Arctic, this barometer of the planet.

Experts agree that conserving at least 30% of global terrestrial and marine areas is needed by 2030. Thus 30x30 has been proposed as a target of the post-2020 global



biodiversity framework, going further than the current targets of conserving 17% of lands and 10% of oceans globally. The government of Canada now has a mandate to conserve 25% of Canada's lands and oceans by 2025, working toward 30% of each by 2030, in addition to advocating that countries around the world set a goal of 30% conservation by 2030 as well. Canada has joined two coalitions that are advocating for 30x30 internationally – the Global Ocean Alliance and the High Ambition Coalition for Nature and People. Canada calls for the establishment of an ambitious post-2020 global biodiversity framework at the upcoming Convention on Biological Diversity, COP15, which must become a watershed moment for the world.

Canada, a country blessed with a fifth of the world's freshwater and with the longest coastline in the world by far, intends to be part of the solution in a world where water management is one of the main challenge. Canada, with its strong water technology and services sector, offers partnership for action, including for disaster risk reduction, hydroelectric cooperation, transboundary water management experience, cooperation in transnational river basins, best practices in the conservation of water and in underground integration systems, creation of efficient irrigation systems, and soil purification and desalinization.

To conclude, I would say that Canada is in a unique position, as a country of the Americas and the most European of the non-European countries, while having significantly developed its relations with the Pacific region. It will do everything in its power to work with the United States, the EU and all partners, to build what European Commission President von der Leyen has called “a fairer, more prosperous society...[with] a more resource-efficient, competitive economy” capable of achieving the goal of carbon neutrality by 2050. Let us now move forward into this next most crucial phase of our post-COVID recovery, towards a sustainable friendly world.