

Canada and Most Provinces Agree to Pan-Canadian Framework on Clean Growth and Climate Change

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On December 9, 2016, the Government of Canada and most Canadian provinces adopted the Pan-Canadian Framework on Clean Growth and Climate Change. The Framework is set to incorporate a price on carbon in every Canadian jurisdiction starting at \$10 per tonne of carbon dioxide equivalent in 2018. This price on carbon will then rise by \$10 per year to \$50 per tonne of carbon dioxide equivalent by 2022. Under the Framework, each province must price carbon by 2018 using a mechanism of its choice, failing which the federal government will do so on the province's behalf.

The Framework was first discussed at the First Ministers' meeting in March 2016 as a plan to meet Canada's commitments made at the 2015 United Nations Climate Change Conference in Paris. However, this meeting did not produce a consensus on what mechanism(s) the provinces would use to reduce greenhouse gas emissions.

On October 3, 2016, as discussed in our earlier article titled [Canada Announces National Carbon Pricing by 2018](#), the federal government announced that it would implement a national price on carbon and require provinces to implement either a carbon tax or a cap-and-trade system by 2018. In October, we asked how will the provinces and territories respond? We now have a response:

- ◆ Most provinces adopted the federal government's Framework. Those provinces that do not already have a price on carbon intend to implement a carbon pricing mechanism by 2018.
- ◆ Saskatchewan did not adopt the Framework as drafted. Saskatchewan Premier Brad Wall has been a vocal critic of federally imposed carbon pricing. Premier Wall's position has been that carbon pricing could impair the growth of Saskatchewan's economy and have an uncertain effect on reducing greenhouse gas emissions given the unknown future of environmental policies in the United States.
- ◆ Manitoba also did not adopt the Framework as drafted. Manitoba Premier Brian Pallister's objection relates to another dispute with the federal government over funding for healthcare.
- ◆ Lastly, British Columbia did adopt of the Framework but did so citing concern over the fairness of the national price of carbon. British Columbia Premier Christy Clark indicated that British Columbia already has a carbon tax priced at \$30 per tonne of carbon dioxide equivalent and its carbon tax price should not rise until the rest of the provinces' price on carbon catches up.

As the federal government's plan to implement national carbon pricing continues, many questions still remain unanswered. What happens if Saskatchewan and Manitoba do not adopt the Framework? Will any of the provinces commence a legal challenge on the federal government's jurisdiction to impose a price on carbon in their province? Will an escalating national price on carbon result in Canada meeting its emission reduction targets? And, if so, how will it affect the national and the respective provincial economies?

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