



## 4. WORK WITH BUSINESS TO COMBAT CLIMATE CHANGE AND MAINTAIN CANADA'S COMPETITIVENESS

Climate change is an ecological issue, but confronting it is also a business challenge. In addition to other measures, governments are looking to the private sector to mobilize money and technology to reduce the emissions that are already damaging the Earth's climate. For both the global ecology and the global economy, it is imperative these policies succeed. A survey by the World Economic Forum listed the possible failure of climate change mitigation and adaptation as "the risk with the greatest potential impact in 2016."

Since 2011, we have supported carbon pricing as the best way to drive down greenhouse gas (GHG) emissions. It encourages business to act while allowing them the flexibility to innovate. However, what works best in economic theory does not always translate well to the reality of businesses. The details matter. A carbon pricing system that is poorly designed or that has contradictory objectives among the participating jurisdictions will serve neither the environment nor the economy. At best, such a system would be an expensive way to reduce Canada's emissions, which represent less than 2% of the global total. At worst, it would add expense and cost tens of thousands of Canadian workers their jobs without significantly reducing emissions.

Canada's leadership on carbon pricing is laudable, but not without risk. As Canada moves ahead, the added cost will put Canadian businesses at a disadvantage to firms operating in jurisdictions with no carbon price. Canada cannot retreat from its commitment to fight climate change, so it must push others forward. Trade policy, diplomacy and other tools of foreign policy must be forcefully deployed to either support domestic businesses facing unfair competition from jurisdictions that do not price carbon or to get those jurisdictions to match Canada's leadership on climate issues.

Canadian business must be at the centre of the design and execution of Canada's climate change strategy. In 2017, we will advocate a national carbon-pricing policy that has one objective: lowering GHG emissions while preserving Canada's competitiveness. We will urge the government to use all appropriate fiscal, trade policy and diplomatic tools to level the international playing field for Canadian business.