

WEBVTT

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<v SPEAKER_1>Hello, everyone, and welcome to Energy Security Cubed, one of the world's foremost energy security podcasts presented by the CGAI, or Canadian Global Affairs Institute.

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<v SPEAKER_1>I'm Kelly Ogle, Managing Director here at CGAI.

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<v SPEAKER_2>And I'm Joe Calnan, Vice President of Energy and Calgary Operations at the Canadian Global Affairs Institute.

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<v SPEAKER_1>For today's interview recorded August 27, 2025, we discussed the idea of a carbon border adjustment mechanism in Canada and what it could mean for global trade.

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<v SPEAKER_2>With us to talk about this are Tammy Nemeth and Ron Wallace, authors of the recent Policy Perspective paper for CGAI, titled Carbon Borders, a Costly Misdirection, Affecting Canadian Trade and Defence Interests.

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<v SPEAKER_2>Tammy is an energy and ESG analyst, leader of ESG2 Insight, and regular contributor to the Financial Post, Calgary Herald and Energy Now, among various other publications.

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<v SPEAKER_2>Ron is an energy and environmental expert, former interim chairman of the National Energy Board, and fellow with the Canadian Global Affairs Institute and the Canada West Foundation.

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<v SPEAKER_2>And both of them have extensive additional items on their bios, so I really recommend people check them out.

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<v SPEAKER_1>I'm delighted to have you both on the podcast, Ron and Tammy.

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<v SPEAKER_1>I've known you both for a long time, and I'll just give Tammy a plug here.

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<v SPEAKER_1>When I was doing my masters and wrote my paper on the asymmetric relationship of US and Canadian oil trade, I cited several

of Tammy's documents in my work.

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<v SPEAKER_1>We didn't know each other yet, but I had my relationship with Tammy Nemeth at the time.

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<v SPEAKER_1>Thank you for that.

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<v SPEAKER_1>Let's get started, though.

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<v SPEAKER_1>We've got a lot to talk about here.

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<v SPEAKER_1>I think that a lot of underlying noise, you don't hear about the Carney government, and his own personal beliefs revolve around a lot of this stuff, and you guys have covered it magnificently with the paper.

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<v SPEAKER_1>I'd like to get into some of the insights that inspired the two of you to write the paper for us at CJAI about carbon border adjustment mechanisms, or CBAMs.

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<v SPEAKER_1>Joe will link the paper to the show notes.

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<v SPEAKER_1>Where did the idea come from, and why do you think this issue is so timely?

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<v SPEAKER_1>Tammy, let's start with you.

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<v SPEAKER_3>Well, thanks so much, Kelly and Joe, for that amazing introduction.

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<v SPEAKER_3>And I also want to give a shout-out to your peer reviewers because they provided some really interesting insights on the paper that I think made it stronger.

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<v SPEAKER_3>So I'm really grateful for the peer review of this policy perspective.

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<v SPEAKER_3>The idea actually emerged in early 2025 when Mark Carney was on his leadership campaign for the Liberal Party, and he released his sort of climate policy when he was in the Maritimes.

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<v SPEAKER_3>And in that declaration or his statement, which had many different components to it, he talked about a carbon border adjustment mechanism or CBM, as you said, and aligning more with the EU, its regulatory structure, having climate disclosures and whatnot.

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<v SPEAKER_3>And so during his leadership run, Ron and I were exchanging emails like, wow, what is he saying here?

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<v SPEAKER_3>This is kind of important.

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<v SPEAKER_3>Why isn't anyone talking about this?

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<v SPEAKER_3>And the other aspect of it is that, you know, this issue has been discussed over the past few years.

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<v SPEAKER_3>When the Liberals were under Justin Trudeau, they've been toying with this idea for some time.

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<v SPEAKER_3>They included it as a mention in last year's fall economic statement that they were going to be pursuing this with greater sort of certainty, I suppose, than what they had said back in 2021.

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<v SPEAKER_3>So, they were actually going to start work on it.

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<v SPEAKER_3>And as we know, Mark Carney, since he became liberal leader, he's been going to the EU quite regularly.

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<v SPEAKER_3>He just got back, I think, last night from a trip to Poland and Germany and Latvia and Ukraine, talking about different regulatory alignments and whatnot.

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<v SPEAKER_3>Ron, does that sound about right?

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<v SPEAKER_3>Is that where we got this idea from?

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<v SPEAKER_4>Yes.

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<v SPEAKER_4>That's exactly right, Tammy.

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<v SPEAKER_4>Thank you for the intro.

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<v SPEAKER_1>Ron, did you want to add anything to that?

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<v SPEAKER_1>I know that I remember, because I'm in some of the chats with you folks when you started talking about this and really raising the flag.

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<v SPEAKER_1>Can you go more into what you found and both of you?

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<v SPEAKER_1>This is a plank in Carney's, not just in what he believes in platforms.

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<v SPEAKER_1>This is in his life.

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<v SPEAKER_1>This type of policy underpins the way he looks at energy.

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<v SPEAKER_1>Would you not agree with that, Ron?

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<v SPEAKER_4>Mark Carney has been a champion of not only continued but expanded net zero policies.

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<v SPEAKER_4>The carbon border adjacent mechanism, or CBAM, is really just a subcomponent of that much broader view that he's had.

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<v SPEAKER_4>But in effect, what he's proposing is that a carbon tariff applied to imports, imports to Canada, would support Canadian products that are what would be typically burdened by domestic carbon pricing.

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<v SPEAKER_4>So he's arguing that if Canada is to achieve these high net zero targets with this plethora of programs, regulations, and laws that have been brought in under Trudeau, and that he is clearly continuing.

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<v SPEAKER_4>He has not done anything to reverse any of those regulations or policies, that Canadian products would be burdened or at a competitive disadvantage.

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<v SPEAKER_4>And so this whole program is set up to, in effect, maintain the net zero policies of the, or to help maintain the net zero policies of the previous administration.

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<v SPEAKER_4>And that's really what caught our attention was is that if CBM is coming in, it means everything that the Trudeau administration brought forward on net zero is going to be maintained.

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<v SPEAKER_4>And that's exactly what's happening.

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<v SPEAKER_3>Yeah, I would add that it would be embedding it, right?

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<v SPEAKER_3>So with the carbon border adjustment mechanism or CBM, it's about the emissions.

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<v SPEAKER_3>It's not about how great your environmental regulations are as a whole.

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<v SPEAKER_3>It only cares about what the emissions are and how much you're paying for those emissions.

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<v SPEAKER_3>So it's about embedding the emissions accounting into the very operations.

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<v SPEAKER_3>It'll start out first with six high emitting industries.

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<v SPEAKER_3>And in the EU case, it's going to be rolled out gradually for everything included under the European Emissions Trading System.

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<v SPEAKER_3>And that's almost everything.

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<v SPEAKER_3>Almost every activity in the EU falls under the emissions trading system.

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<v SPEAKER_3>So for the carbon border adjustment mechanism, it begins with six high emitting industries like steel, cement.

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<v SPEAKER_1>Joe's going to get into that in a minute.

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<v SPEAKER_1>Let's just go there, Joe.

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<v SPEAKER_2>Yeah, for sure.

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<v SPEAKER_2>And yeah, sorry to cut you off, Tammy, but this is actually exactly the direction that we want to go in is to talk about the EU's implementation of a CBAM.

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<v SPEAKER_2>And so yeah, like you are saying, European Union is launching the world's first CBAM next year.

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<v SPEAKER_2>And so CBAM, Carbon Border Adjustment Mechanism, just to make everything clear for the listeners.

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<v SPEAKER_2>And there's plans for these sort of carbon tariffs, which account for the difference between the carbon pricing on the jurisdiction where the European Union is importing from and the carbon pricing within the European Union.

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<v SPEAKER_2>So basically, it's just a tariff placed upon products that I guess equalizes that in a way.

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<v SPEAKER_2>And so these carbon tariffs will be placed on imports of aluminum, fertilizers, steel, cement, electricity, and hydrogen.

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<v SPEAKER_2>So Tammy, how about you start off because I think you're already digging into this.

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<v SPEAKER_2>So what is kind of the rationale behind why the EU is introducing this CBAM?

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<v SPEAKER_3>Right.

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<v SPEAKER_3>And you kind of mentioned it there.

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<v SPEAKER_3>So it was launched provisionally back in October 2023.

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<v SPEAKER_3>And so they've been kind of getting companies to get used to doing it and figuring out what all the bugs are kind of thing and the difficulties.

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<v SPEAKER_3>And it turns out that there's a lot of difficulties.

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<v SPEAKER_3>There's a lot of red tape, lots of costly sort of bureaucratic maneuvers that are required and so on.

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<v SPEAKER_3>And the full implementation is supposed to begin in January 2026.

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<v SPEAKER_3>So that's coming up fairly quickly.

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<v SPEAKER_3>And as you say, it aims to prevent what they call carbon leakage, where companies might relocate their production to other countries with, say, lower carbon pricing or they don't have carbon pricing in order to avoid the EU emission taxes under the emissions trading system.

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<v SPEAKER_3>So it essentially imposes a tax or tariff on these imports, on embedded emissions.

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<v SPEAKER_3>And it's interesting that they use that term, embedded emissions.

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<v SPEAKER_3>So let's say you're a Canadian company and you're importing some of your components from the United States.

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<v SPEAKER_3>They would want to know in this EU system what those embedded emissions are from the components you're importing, wherever you're importing them from.

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<v SPEAKER_3>Now, where this kind of plays into Canada's relationship with the United States in order to comply with this is that you have to use the EU methodology.

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<v SPEAKER_3>So anybody exporting to the EU has to use the EU's methodology.

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<v SPEAKER_3>They have to have a verifier from the EU come and inspect the facility to ensure that it is monitoring the emissions the way it says it is.

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<v SPEAKER_3>Then it would have to pay a third-party auditor to ensure that that information is accurate.

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<v SPEAKER_3>And the methodology is actually quite expensive.

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<v SPEAKER_3>So it adds all of this red tape for compliance.

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<v SPEAKER_3>And so what happens if your American supplier says, I'm not giving you that information.

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<v SPEAKER_3>We don't record that.

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<v SPEAKER_3>We're not going to do it.

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<v SPEAKER_3>While the EU is allowing in some extreme circumstances, and how they define extreme or extenuating is quite vague.

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<v SPEAKER_3>In extenuating circumstances, it will allow estimates.

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<v SPEAKER_3>But for the most part, it wants direct information.

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<v SPEAKER_3>And so the point is in order to include all of this emissions accounting for every company that's dealing with at first these six high emitting industries, but eventually to roll out to other companies.

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<v SPEAKER_3>So that's the sort of EU rationale.

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<v SPEAKER_3>And Canada is considering doing the same thing because they figure, well, if we want to trade more with the EU, our companies are going to have to do this.

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<v SPEAKER_3>So we might as well do it too.

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<v SPEAKER_3>And therefore keep, say, Chinese steel or other countries from exporting to Canada who don't have a carbon price.

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<v SPEAKER_3>But that's all it cares about.

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<v SPEAKER_3>It's not about the environment.

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<v SPEAKER_3>It's pitched as being, we care about the environment, but all it cares about really is the emissions.

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<v SPEAKER_1>Yeah.

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<v SPEAKER_1>And it's, let's dig a little deeper into that whole, the EU, Tammy and Ron.

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<v SPEAKER_1>One of the traditional ways that the European Union is thought to shape international trade is the so-called Brussels Effect, where the size of the European Union's market forces, companies around the world to meet strict regulatory standards.

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<v SPEAKER_1>Could we see the use of a CBAM as an attempt to leverage this effect or Brussels Effect?

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<v SPEAKER_3>Ron, would you like to?

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<v SPEAKER_2>Okay.

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<v SPEAKER_1>Yeah.

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<v SPEAKER_3>Ron, please.

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<v SPEAKER_3>Yeah.

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<v SPEAKER_4>Well, if I...

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<v SPEAKER_4>Oh, I was waiting for Tammy's response.

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<v SPEAKER_4>I'm sorry.

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<v SPEAKER_4>But yeah.

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<v SPEAKER_4>But there's two issues that come up, Kelly, that are parallel with that, that I see.

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<v SPEAKER_4>The first issue is this mechanism that we could be close to adopting with the EU is definitely going to impact Canadian exports.

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<v SPEAKER_4>And those include defence-related products.

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<v SPEAKER_4>So we've seen the Prime Minister in Europe this week, I saw a television clip where he's holding a model submarine, where we're considering acquiring many billion dollars worth of submarines from Scandinavian or German companies.

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<v SPEAKER_4>Where will the steel for those be sourced?

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<v SPEAKER_4>How will those trade mechanisms be brought into place with these defence procurements?

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<v SPEAKER_4>How do things like exports of critical minerals, agreements that have been signed over there, what is happening here is that these broader trade agreements that are going ahead, which look very promising for the Canadian military, and thank goodness we're starting to address the deficiencies in our current defence matrix.

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<v SPEAKER_4>How does this mechanism work to affect all of those east-west trade requirements that are going to be happening over the next decade or so?

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<v SPEAKER_4>I think what Tammy has hinted is that because these are embedded mechanisms, no one has really understood the effects on these broad, multi-billion dollar trade agreements that are being negotiated.

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<v SPEAKER_4>No one has really sat down and done any kind of an estimate of the effects that these requirements are going to have on those trade agreements, or on the requirements that are going to fall on Canadian companies to meet it.

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<v SPEAKER_4>That's my first point that comes into this, is that this is a very subtle mechanism that could have very profound effects going forward on these broader trade agreements.

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<v SPEAKER_4>There's been very little attention applied to that.

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<v SPEAKER_4>In fact, I don't think there's any studies of the economic effects that these mechanisms that are being required.

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<v SPEAKER_4>We could be walking not into a defence nightmare, we could be walking into a red tape administrative nightmare between ourselves and the EU.

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<v SPEAKER_4>And if Kearney is proposing to enhance the relationship between Canada and the EU as an offset to the US., this is a minefield where people really have not assessed the effects of these, of C-Ban and these other regulations that are coming alongside of it.

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<v SPEAKER_1>Tammy, did you want to add to that?

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<v SPEAKER_3>Yeah, sure.

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<v SPEAKER_3>Like, I think Brussels is definitely trying to do the classic Brussels effect, saying that, you know, we have this big market and people, other countries want to access that market.

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<v SPEAKER_3>But if they want to do so, we want this global sort of climate initiative.

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<v SPEAKER_3>And if they're trading with us, we're going to help pursue this global climate initiative through trade.

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<v SPEAKER_3>But, you know, the European Union's GDP has been in decline.

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<v SPEAKER_3>And, you know, Canada risks over committing itself to a diminishing market through these regulations, alienating the United States and missing freer trade opportunities in Asia.

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<v SPEAKER_3>So, we have to ask ourself, in this attempt to globalize the EU climate rules, what cost is that going to be to Canadians for defence exports, Canadian military exports?

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<v SPEAKER_3>There will be little limited flexibility.

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<v SPEAKER_3>It will weaken the Canada's relationship with the United States, because the United States is quite skeptical under Donald Trump's administration of the whole climate movement.

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<v SPEAKER_3>And so, this might be an attempt, but the falling GDP of the EU suggests that there's diminishing returns there.

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<v SPEAKER_1>Yeah, I would have to agree.

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<v SPEAKER_1>I find the whole, trying to replace the, or at least compartmentalize our trade relationship with the EU instead of mostly the United States is a straw man argument, and that's for a conversation for another day.

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<v SPEAKER_1>But, you know, it's, it's, yeah, like, so are we going to get to supply the iron ore from Eastern, Northeastern Canada for the steel to build those submarines in Germany or Scandinavia?

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<v SPEAKER_1>Is that part of the game or, you know, to me, all I see so far from Carney is political handwaving and more technocratic or viewpoints on, on policy and red, as you say, as you both said, just more hoops to jump through or hurdles to run, to jump over.

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<v SPEAKER_1>It's, it's quite frustrating, actually, given that there's been a lot of, a lot of media attention to this, the last few days in this trip to Europe.

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<v SPEAKER_1>I see, I don't see a lot of real positive noise coming out or positive effect so far, but that's just my editorial joke.

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<v SPEAKER_2>Yeah, I'm not sure if the European Union is, is actually looking for trade partners that would fill the role of the United States, or that the Canada-U.S.

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<v SPEAKER_2>trade relationship has currently.

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<v SPEAKER_2>Like, European Union, they're a big net exporter of manufactured goods.

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<v SPEAKER_2>And currently, Canada has a trade deficit with the European Union.

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<v SPEAKER_2>Freer trade with the European Union probably just means, well, more Canadian industry going to Europe, actually.

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<v SPEAKER_2>Which is, I think, free trade, I'm a free trade kind of guy, but overall, we should be clear-eyed about what freer trade with the European Union and greater regulatory alignment with the European Union actually means.

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<v SPEAKER_2>But nevertheless, it is important to note, Canadian Prime Minister Mark Carney has been looking to establish a closer trade

relationship with the European Union.

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<v SPEAKER_2>And we should kind of look for a little bit of a silver lining here, because the European Union, while Canada, Canadian merchandise exports to the EU were around \$3.6 billion.

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<v SPEAKER_2>And this is around 5.8% of all exports of Canadian-made goods.

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<v SPEAKER_2>And that's \$3.6 billion in June 2025.

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<v SPEAKER_2>So that's just one month.

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<v SPEAKER_2>Now, this is still quite small compared to Canada's trade relationship with the United States.

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<v SPEAKER_2>I think we export about a bit more than \$40 billion of about a billion a day.

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<v SPEAKER_1>About a billion a day.

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<v SPEAKER_1>Yeah.

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<v SPEAKER_2>Yeah.

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<v SPEAKER_2>I think around there.

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<v SPEAKER_2>And actually, the UK is a larger trade partner to Canada than the European Union is, at least in June.

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<v SPEAKER_2>But regardless of kind of the shrinking role in the global economy, the European Union is still a very large and wealthy market.

00:20:16.116 --> 00:20:20.296

<v SPEAKER_2>And there are possible areas for greater alignment here on trade.

00:20:20.896 --> 00:20:29.016

<v SPEAKER_2>And I'm thinking like, you know, energy trade, especially, European Union is a huge net importer of energy, but many other things as well.

00:20:29.016 --> 00:20:43.356

<v SPEAKER_2>But Ron and Tammy, in your view, would greater regulatory alignment with the European Union, CBM, could that unlock a greater share of the market for Canadian companies compared to other international competitors?

00:20:43.356 --> 00:20:45.176

<v SPEAKER_4>Well, I'll start on that.

00:20:46.816 --> 00:20:49.816

<v SPEAKER_4>The quick answer is yes, it could.

00:20:49.816 --> 00:21:04.116

<v SPEAKER_4>But as you pointed out, Joe, relative to the United States, Canada would be making a very major concession to the EU for a very, very small percentage of the market.

00:21:04.116 --> 00:21:23.936

<v SPEAKER_4>So this idea that Canada could pivot and offset our current trade tariff difficulties that we're having with the Trump administration with an entry into the EU, that's going to come at a very high cost for a very small percentage gain.

00:21:23.936 --> 00:21:32.276

<v SPEAKER_4>And that's really the underlying theme of this paper, is that what are we really sacrificing here?

00:21:32.276 --> 00:21:40.176

<v SPEAKER_4>And what is the actual cost benefit of doing this versus the risk of alienating the US.?

00:21:40.176 --> 00:22:03.776

<v SPEAKER_4>And I want to just come back to, we, Tammy and I have had discussions with a person well known to you from the UK, Catherine Porter, and she sent me, and I don't have a reference to it, but we asked her to look into what the EU is doing on this very same topic.

00:22:03.776 --> 00:22:08.756

<v SPEAKER_4>Are they going ahead with it as aggressively as Brussels would like, etc., etc.

00:22:09.116 --> 00:22:20.956

<v SPEAKER_4>And her communication to me yesterday was many of the countries within the EU are in fact now starting to question the whole CPM mechanism itself.

00:22:20.956 --> 00:22:38.236

<v SPEAKER_4>And so the idea that this is a solid castle in the EU that has to be accepted, it may not be a valid assumption at all because the EU within its own members may be starting to have concerns about this.

00:22:38.316 --> 00:22:40.156

<v SPEAKER_4>So that's point one.

00:22:40.156 --> 00:23:04.276

<v SPEAKER_4>Point two is there is no question that the United States is distancing itself from net zero policies and that the Trump administration, in my view, would view this border-adjustment mechanism as nothing more than a thinly disguised trade barrier that could affect sovereign control of trade with the US.

00:23:04.276 --> 00:23:35.316

<v SPEAKER_4>Now, part of that cost-benefit analysis that I talked about a minute ago of what is the cost versus the benefit of trying to access this market and the EU, part of that cost could be is that not only could we be pursuing a very small market relative to the United States, we might actually be endangering the current market with the US., which is by far the biggest trading partner that Canada has got.

00:23:35.776 --> 00:23:37.556

<v SPEAKER_4>And so it's a double whammy.

00:23:37.556 --> 00:23:46.816

<v SPEAKER_4>There's not much benefit upside by going to the EU, and there could be a heck of a lot of downside by alienating the United States.

00:23:46.816 --> 00:23:51.276

<v SPEAKER_2>Just to play devil's advocate here though, and sorry for cutting you off, Tammy.

00:23:52.416 --> 00:23:55.676

<v SPEAKER_2>I think that there are opportunities here, maybe.

00:23:55.796 --> 00:24:01.896

<v SPEAKER_2>There could be opportunities here if we kind of play ball with Europe a little bit on the upstream emissions side of things.

00:24:02.516 --> 00:24:06.696

<v SPEAKER_2>And I'm thinking specifically about LNG.

00:24:06.696 --> 00:24:17.776

<v SPEAKER_2>And for example, earlier today, actually, and I suppose by the time this comes out, this is a statement that was made by

Canadian Natural Resources Manager Tim Harson.

00:24:17.776 --> 00:24:27.616

<v SPEAKER_2>He's been castigating the former Canadian federal government, the Trudeau Liberals, for not taking enough effort to export LNG to Asia.

00:24:27.616 --> 00:24:30.696

<v SPEAKER_2>And this is a statement that he made from, I believe he was in Latvia.

00:24:30.916 --> 00:24:35.796

<v SPEAKER_2>Or no, he actually made this statement in remarks in Berlin.

00:24:35.796 --> 00:24:49.036

<v SPEAKER_2>And I think that there are opportunities here for exporting more Canadian energy to Europe, especially LNG, while also showing that we have a more competitive emissions profile.

00:24:49.036 --> 00:24:51.376

<v SPEAKER_2>And this is something we've talked about before on the podcast.

00:24:51.416 --> 00:25:14.056

<v SPEAKER_2>So, I mean, maybe this is the whole scale adoption of a C-band within Canada might be difficult, but the showing upstream emissions from LNG might actually be something that Canada can provide to Europe to say, hey, we're a more stable energy secure and also lower emissions partner on this specific type of product.

00:25:14.056 --> 00:25:18.176

<v SPEAKER_2>Is that something that we could consider, Ron, Tammy, any thoughts on that?

00:25:18.976 --> 00:25:38.656

<v SPEAKER_3>Well, at the moment, LNG is not covered under the EU C-band, but it would come fall under their methane regulations, which aims to reduce the methane leakage from developing LNG and whatnot and various natural gas extraction processes.

00:25:38.656 --> 00:25:43.796

<v SPEAKER_3>So, yes, Canada would have to comply with those methane regulations.

00:25:43.796 --> 00:26:03.116

<v SPEAKER_3>Qatar says they won't, and that if they're not exempted from the methane regulation and there's other sort of emissions accounting directives such as the Corporate Sustainability Due Diligence Directive, Qatar says they won't comply with that.

00:26:03.116 --> 00:26:09.936

<v SPEAKER_3>And if the EU forces them to do so, they will just stop exporting their LNG to Europe.

00:26:09.936 --> 00:26:20.636

<v SPEAKER_3>So, yes, Canada would probably be able to, because they do monitor the methane from production of natural gas in Canada.

00:26:20.636 --> 00:26:26.396

<v SPEAKER_3>And so, you know, if Canadian companies are already doing that, then they've already absorbed those costs.

00:26:26.396 --> 00:26:46.756

<v SPEAKER_3>But the CBAM is, if it would be factoring into what energy is used in order to produce something like steel, or energy used in producing something like fertilizer, and then they would want to put that emissions accounting throughout that entire supply chain.

00:26:46.756 --> 00:26:53.096

<v SPEAKER_3>So, on the surface, it might be that there's increased access for compliant exporters.

00:26:53.096 --> 00:26:58.836

<v SPEAKER_3>But then you have to think about what those compliance costs are, the audits, the software, the inspections.

00:26:58.836 --> 00:27:02.556

<v SPEAKER_3>And it depends on the size of the company, but that could run into millions.

00:27:02.556 --> 00:27:08.676

<v SPEAKER_3>So if a company is absorbing those costs, how do they pass that on to the consumer?

00:27:08.676 --> 00:27:15.456

<v SPEAKER_3>And does that then erode the competitiveness of Canadian companies that deal mostly with the United States or maybe Asia?

00:27:15.456 --> 00:27:25.976

<v SPEAKER_3>If they have to absorb all those costs just to increase their market share a little bit to Europe, what does that do for their competitiveness in the larger global market?

00:27:25.976 --> 00:27:32.816

<v SPEAKER_3>Because in the end, Canada is competing in a global market with the majority of our trade going with the United States.

00:27:32.816 --> 00:27:47.596

<v SPEAKER_3>And maybe it would be better to pursue markets like India

or Southeast Asia, which are projected by the World Bank to have an annual increase of GDP from between four and eight percent a year from now through 2030.

00:27:47.596 --> 00:28:08.996

<v SPEAKER_3>So do we want to go into a market that is shown by the World Bank to be in decline with very small GDP increase, if any, of like maybe 0.5 percent, maybe one percent if you're lucky, versus trying to access a market that could be growing from anywhere four to eight percent a year.

00:28:09.536 --> 00:28:24.476

<v SPEAKER_3>So those are decisions I think that really like you said, should we should be clear-eyed about what the implications are and to think more clearly and strongly about what's the cost benefit like Ron said.

00:28:24.956 --> 00:28:25.656

<v SPEAKER_2>Yeah, thanks Tammy.

00:28:25.656 --> 00:28:30.196

<v SPEAKER_2>That's an important correction that LNG is not covered by the CBAM.

00:28:30.736 --> 00:28:38.036

<v SPEAKER_2>This is a very limited set of products that are kind of these base metals and base materials like steel, aluminum, fertilizers.

00:28:38.036 --> 00:28:52.076

<v SPEAKER_1>Well, I think that the flag went up, Joe, when Qatar, you know, six months ago when Qatar said, forget it, like they had, you know, that there's a, they're definitely put the the LNG carriers were stalled in the water here for a short period of time.

00:28:52.076 --> 00:28:56.796

<v SPEAKER_1>Although he figures this out because they got to get through the winter.

00:28:56.796 --> 00:28:59.136

<v SPEAKER_1>It who knows what happens next with that.

00:28:59.136 --> 00:29:12.336

<v SPEAKER_1>But it is a I think that as we end this podcast, and I know we kind of covered the relationship with how this affects our Canada's relationship with the United States, but I'd like you both to expound a bit on, and a bit off the script here.

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<v SPEAKER_1>Like what this podcast to me today has signified is, is

we're really seeing a lot of headwind against, headwinds against the whole net zero playing field.

00:29:24.776 --> 00:29:33.516

<v SPEAKER_1>And decarbonization has become still important, and everybody wants to think about emissions and reduction of those.

00:29:33.516 --> 00:29:43.876

<v SPEAKER_1>But could you give us both your view on where we are today relative to where we've been in the last couple of years about decarbonization and what's going to happen in the next couple of years?

00:29:43.876 --> 00:29:51.836

<v SPEAKER_1>I'm sorry to, but I know you're both experts in this field, and I'd like you to give us a little bit of an overview of where you see things going.

00:29:51.836 --> 00:29:53.236

<v SPEAKER_1>Ron, would you start?

00:29:53.236 --> 00:29:55.596

<v SPEAKER_4>Well, Terry, Tammy, go ahead, please.

00:29:56.416 --> 00:29:56.816

<v SPEAKER_3>Okay.

00:29:56.816 --> 00:30:04.716

<v SPEAKER_3>So my sense of it is that decarbonization is, instead of being talked openly, it's being embedded in things.

00:30:04.716 --> 00:30:15.236

<v SPEAKER_3>So if you think, for example, everything that Mark Carney says is that we'd support a pipeline for decarbonized oil, whatever that means.

00:30:15.236 --> 00:30:17.636

<v SPEAKER_3>We'll support something if it's decarbonized.

00:30:17.636 --> 00:30:32.136

<v SPEAKER_3>So the LNG facilities that use hydroelectricity or clean energy instead of using the natural gas that it's actually producing in order to generate the power to liquefy the natural gas.

00:30:32.136 --> 00:30:48.396

<v SPEAKER_3>And so instead of talking really openly the way it did under the administration of Joe Biden or the government of Justin Trudeau, it's now being embedded into things so that it won't be talked about, but it will be there.

00:30:48.556 --> 00:30:54.296

<v SPEAKER_3>That's my sense of where we're going with all of the decarbonization moves.

00:30:54.296 --> 00:31:24.896

<v SPEAKER_3>And I think a really good indication of that is what Larry Fink of BlackRock has been talking about and what some of the other sort of ESG proponents, there was a really great piece at the Harvard Law Review about two or three weeks ago, where they talked about how all of these different things regarding Net Zero and ESG, they're being quietly imbedded instead of being talked about loudly because the current US administration doesn't want to hear it and they want to go in a different direction.

00:31:24.896 --> 00:31:37.636

<v SPEAKER_3>And so we have the companies being very quiet, imbedding it into everything that they do rather than waving their flag and saying, oh, look, we're so green and everything, but it's still happening.

00:31:37.636 --> 00:31:41.816

<v SPEAKER_1>That's great to hear that because I didn't have a different view.

00:31:44.796 --> 00:31:46.176

<v SPEAKER_1>That's great insight.

00:31:46.176 --> 00:32:00.756

<v SPEAKER_1>Ron, did you want to add maybe an example of what in Canada, could you give an example of companies that are imbedding some of these, you know, it's sort of like a silent killer.

00:32:03.296 --> 00:32:05.336

<v SPEAKER_1>Because I don't care what people say.

00:32:05.676 --> 00:32:10.616

<v SPEAKER_1>It's inflationary and it grinds, it makes you shift gears to go slower.

00:32:11.676 --> 00:32:26.956

<v SPEAKER_4>Well, there was a Matthew Lau put out in the Central Post today, an analysis of what the Trump administration versus the Biden administration has done.

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<v SPEAKER_4>And of course, this whole idea behind the carbon cost per ton of material produced, that was used, the social cost of carbon, that was used by President Obama's APA.

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<v SPEAKER_4>That whole approach is now under attack by the Trump administration, where they're re-examining that that basic figure of the carbon cost per material.

00:33:01.596 --> 00:33:10.356

<v SPEAKER_4>It was the real factor that was embedded into all the net zero legislation around the world.

00:33:10.356 --> 00:33:13.836

<v SPEAKER_4>That is now being significantly revised.

00:33:13.836 --> 00:33:24.016

<v SPEAKER_4>But the original estimate of \$190 a ton is being challenged.

00:33:24.016 --> 00:33:39.116

<v SPEAKER_4>Now, if you under revise those basic figures, you revise all of the basic calculus that goes right across all these legislative initiatives and extends into C-BAM.

00:33:39.116 --> 00:34:11.836

<v SPEAKER_4>And the thing that really caught my attention in Lau's column was he referred to a recent study by the Cato Institute that indicated that the subsidies that were required to maintain net zero in the United States would cost somewhere between \$936 billion to \$1.9 trillion in the next decade and over \$4 trillion by 2050 in US dollars.

00:34:11.836 --> 00:34:26.236

<v SPEAKER_4>Now if anybody could stand up and argue that those costs offset or contribute to environmental benefits, that would be quite a feat.

00:34:26.236 --> 00:34:56.936

<v SPEAKER_4>And so what we're seeing is that while Canada is moving down this road very quietly to embed these requirements into our trade, endangering our trade relationship with the US., while the US and all of the major powers are reevaluating the basic calculus that drives the economics for all of these programs, this is a very dangerous thing.

00:34:56.936 --> 00:35:05.616

<v SPEAKER_4>And I want to add just one other thing for and this extends, as we've said, right through the defense industries.

00:35:05.616 --> 00:35:29.436

<v SPEAKER_4>If we're going to be signing a rare earth metals that we're going to be importing and manufacturing to a greater degree, defense products and so on, all of this stuff is caught up inside of this thing with no real capable analysis of what the economic impacts

of these legislative initiatives are.

00:35:29.436 --> 00:35:45.956

<v SPEAKER_4>And the last point is that by doing this, what do these requirements have on our trade relationship with India and the Asian trade basis, including with China?

00:35:45.956 --> 00:35:51.076

<v SPEAKER_4>It's clear that India and China are having absolutely nothing to do with these approaches.

00:35:51.076 --> 00:36:03.496

<v SPEAKER_4>And so there's economic impacts, there's defense, there's manufacturing, and there's international trade implications to this right across the board.

00:36:03.496 --> 00:36:06.416

<v SPEAKER_4>None of that has really been properly assessed.

00:36:08.376 --> 00:36:10.196

<v SPEAKER_1>Go ahead, Joe.

00:36:10.776 --> 00:36:11.036

<v SPEAKER_2>Yeah.

00:36:11.036 --> 00:36:35.256

<v SPEAKER_2>And I think, to your point, Ron, I think I'm aware, I read that same article as well, and the cost per ton for the abatement under the IRA, cost per ton of carbon dioxide abated, carbon dioxide equivalent abated is whatever \$500 per ton, which is far higher than any reasonable carbon tax that's ever been proposed anywhere in the world.

00:36:35.816 --> 00:36:39.856

<v SPEAKER_2>So, I think that we need to keep that in mind.

00:36:39.976 --> 00:36:48.836

<v SPEAKER_2>If we're going to be assuming that we need to minimize emissions for climate change and all that sort of stuff, we should do it by the least cost pathway.

00:36:48.836 --> 00:36:49.016

<v SPEAKER_4>So-

00:36:49.156 --> 00:36:50.776

<v SPEAKER_3>Can I just add something there to-

00:36:50.776 --> 00:36:51.216

<v SPEAKER_4>Yeah, sure.

00:36:51.216 --> 00:36:55.156

<v SPEAKER_3>Because Kelly was asking for examples of where it's being embedded.

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<v SPEAKER_3>And what I've been researching over the past few weeks has been what's happening in the banking sector.

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<v SPEAKER_3>And I pulled up Scotiabank's Climate-Related Finance Framework, where they talk about how their investments and facilitated investments, which is their banking, people who bank with them and how they're trying to support things that are climate-related, so that are considered green or whatever.

00:37:22.636 --> 00:37:33.556

<v SPEAKER_3>There's a federal government program called Agri-Invest, which is where farmers put money in to an account, and it's matched by the federal government, I believe.

00:37:34.036 --> 00:37:42.816

<v SPEAKER_3>And when something is, when something bad is happening from there, if they have a bad crop or something, they can draw on this Agri-Invest money.

00:37:42.816 --> 00:37:47.136

<v SPEAKER_3>But this year, farmers have to do emissions accounting.

00:37:47.136 --> 00:37:48.576

<v SPEAKER_3>What are the emissions?

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<v SPEAKER_3>And they have to provide various environmental data in order to have access to the money that they've set aside in times of need if their crops fail or something.

00:38:01.196 --> 00:38:10.576

<v SPEAKER_3>So, for the first year, this is the first year that Agri-Invest is asking for this environmental climate-related information from farmers.

00:38:10.576 --> 00:38:34.056

<v SPEAKER_3>The Office of the Superintendent for Financial Institutions, or OSFIE, it brought its climate-related disclosures into practice starting this year, where banks have to provide a full breakdown of the different emissions on their books, full Scope 3 emissions accounting, I think, in two years.

00:38:34.056 --> 00:38:41.156

<v SPEAKER_3>So, they have to start accounting for the money that

they're lending out, including mortgages, including auto loans.

00:38:41.156 --> 00:38:55.976

<v SPEAKER_3>So, this is when I talk about it being embedded, it's being embedded not just in government regulations and trade deals or whatever, it's already being implemented and embedded through the financial institutions.

00:38:55.976 --> 00:38:57.216

<v SPEAKER_1>That's a great explainer.

00:38:57.656 --> 00:38:58.896

<v SPEAKER_1>Yeah, sorry, Joe.

00:38:58.896 --> 00:38:59.536

<v SPEAKER_2>Yeah.

00:38:59.536 --> 00:39:16.336

<v SPEAKER_2>On that note, I think this is something that really peaks my interest about the way this is being designed is that it seems to be a real deviation from the Paris Framework, and from the idea that countries are responsible for emissions that happen within their borders, and not responsible for the emissions that happen outside of their borders.

00:39:16.416 --> 00:39:16.616

<v SPEAKER_1>Right.

00:39:16.616 --> 00:39:43.296

<v SPEAKER_2>Because rather than following the Paris Framework of set contributions by each country for emissions reduction, instead this is basically putting the onus on the companies to look upstream and downstream in their own supply chains to reduce emissions, which goes against this nation-state framework that is the basis of climate policy traditionally.

00:39:44.076 --> 00:40:03.976

<v SPEAKER_2>And I think that this could easily just confuse things and make it so that you just have, well, you kind of encourage the autarky, the reduction in trade between countries because it'll just become so difficult for companies to maintain international supply chains.

00:40:03.976 --> 00:40:11.436

<v SPEAKER_2>So yeah, I think that I completely agree that this is, you know, that there's consequence to this that people aren't quite wrapping their heads around.

00:40:12.896 --> 00:40:13.956

<v SPEAKER_3>You're absolutely right.

00:40:13.956 --> 00:40:22.576

<v SPEAKER_3>And one of the interesting developments that I think started to happen under the Biden administration was you saw this bifurcation of global trade.

00:40:22.576 --> 00:40:29.796

<v SPEAKER_3>So you had the BRICS nations, that's Brazil, Russia, India, China, South Africa, and the other countries that have joined them.

00:40:29.796 --> 00:40:37.316

<v SPEAKER_3>But they were looking to formulate strong trade relations, having a trading bloc with those who didn't buy into net zero.

00:40:37.316 --> 00:40:45.656

<v SPEAKER_3>And then you had everybody else in the so-called West that was trading based on net zero and emissions and so on.

00:40:45.656 --> 00:41:00.896

<v SPEAKER_3>And now that Donald Trump is in Washington and they're moving away from net zero, they seem to be going more in alignment with what the BRICS countries were doing, rather than what the EU and everyone else is doing.

00:41:00.896 --> 00:41:13.196

<v SPEAKER_3>And that's what's so interesting about when Trump was talking to Ursula von der Leyen about the US-EU trade agreement, because it's still being negotiated.

00:41:13.196 --> 00:41:26.896

<v SPEAKER_3>And some of the sticking points are the CBM, the methane regulation, and this other sort of ESG on steroids stuff that the EU is bringing in with their corporate sustainability due diligence directive.

00:41:26.896 --> 00:41:36.796

<v SPEAKER_3>And so Canada has to decide, are we going to go full in with all the different cost implications, the potential implications for our defense?

00:41:36.796 --> 00:41:38.496

<v SPEAKER_3>Are we going to go all in with Europe?

00:41:38.496 --> 00:41:41.016

<v SPEAKER_3>Or are we going to go with the United States?

00:41:41.016 --> 00:41:49.616

<v SPEAKER_3>And I don't know, maybe there should be an open

conversation about this within the Canadian economy about whether and which direction we want to go.

00:41:49.616 --> 00:41:58.676

<v SPEAKER_3>Because I don't think that was clear during the election, the recent election, that this is indeed what it all means.

00:41:58.736 --> 00:41:59.496

<v SPEAKER_4>That's a great point.

00:42:00.636 --> 00:42:06.256

<v SPEAKER_4>And if I can just add to that, Tammy is bang on with that.

00:42:06.256 --> 00:42:17.856

<v SPEAKER_4>There are major questions and ramifications about Canada's attempt here to so closely align its trade policies with the EU.

00:42:17.876 --> 00:42:40.396

<v SPEAKER_4>And we've got to remember, at the same time as that's happening, Canada is negotiating a Canada-India trade deal and is having real significant challenges with the Chinese export trade, especially affecting Western Canadian farmers right now because of tariffs that have been put on for the Eastern Canadian manufacturing.

00:42:40.396 --> 00:42:43.996

<v SPEAKER_4>This is a very complex dynamic market.

00:42:43.996 --> 00:42:59.656

<v SPEAKER_4>And for us to focus entirely on the EU and to become embedded into that regulatory framework without a parallel accountability of what is happening not only with North-South Canadian-U.S.

00:42:59.656 --> 00:43:05.576

<v SPEAKER_4>trade, but East-West Canadian-Asian trade, these are major questions.

00:43:05.576 --> 00:43:11.476

<v SPEAKER_4>And I just want to refer to a quote from Jack Mintz.

00:43:11.476 --> 00:43:19.716

<v SPEAKER_4>He said, as we move away from the US., we need to be a stronger Canada, not an imitation Europe.

00:43:21.756 --> 00:43:24.216

<v SPEAKER_4>I thought that he really nailed it.

00:43:24.216 --> 00:43:34.496

<v SPEAKER_4>He said, yeah, we should certainly diversify our trade, but do it by creating an economy that can compete with countries around the world.

00:43:34.496 --> 00:43:39.916

<v SPEAKER_4>That would make us neither European nor American, but uniquely Canadian.

00:43:39.916 --> 00:43:42.996

<v SPEAKER_4>And that's, I think, what's at risk here.

00:43:42.996 --> 00:43:47.476

<v SPEAKER_4>Is that we don't want to be European wannabes inside of that thing.

00:43:47.856 --> 00:43:50.776

<v SPEAKER_4>We want to be a uniquely Canadian economy.

00:43:52.116 --> 00:43:55.096

<v SPEAKER_1>Well, and we have the opportunity if we just get out of our own way.

00:43:55.196 --> 00:44:01.096

<v SPEAKER_1>I really, yeah, it's very frustrating.

00:44:01.176 --> 00:44:02.096

<v SPEAKER_1>You both nailed it.

00:44:02.096 --> 00:44:05.996

<v SPEAKER_1>I think I can't begin to thank you enough.

00:44:05.996 --> 00:44:13.516

<v SPEAKER_1>Tammy, I just like you to do one more thing, and I hope people listen to the end of this because it's fallen a little bit inside of this embedded thing.

00:44:14.476 --> 00:44:31.376

<v SPEAKER_1>Tammy, explain to us what Scope 1, 2, 3, and 4 emissions are because it's really, really important to the conversation because I don't think people understand, and that's what drives a lot of this cross-border adjustment and the way mechanisms work and the ability to embed.

00:44:31.376 --> 00:44:41.216

<v SPEAKER_1>Like, you know, those canola farmers who's the price of canola dropped \$4 or \$5 a bushel, and they've got the biggest crop they've ever had here, they're going to pay the price.

00:44:41.276 --> 00:44:51.136

<v SPEAKER_1>Now they can't go to that bank because they can't or to

that account that's been set up because of these embedded Scope 3 emissions calculations, right?

00:44:51.136 --> 00:44:54.376
<v SPEAKER_1>Like I, or as an example.

00:44:54.376 --> 00:45:04.496
<v SPEAKER_3>Yeah, so okay, Scope 1 emissions are, okay, this is based on the Greenhouse Gas Protocol, which was never meant to be an actual accounting metric.

00:45:04.496 --> 00:45:13.756
<v SPEAKER_3>It was designed to help corporations think more holistically about what their footprint and impact is in the larger world.

00:45:13.756 --> 00:45:15.516
<v SPEAKER_3>But now it's being used for accounting.

00:45:15.516 --> 00:45:16.036
<v SPEAKER_1>Right.

00:45:16.036 --> 00:45:21.596
<v SPEAKER_3>So Scope 1 emissions is everything that your company is directly responsible for.

00:45:21.596 --> 00:45:31.836
<v SPEAKER_3>So if you're a farmer, that's the fuel that you're using in your tractor, what you're using to spread on your fields for fertilizer or pesticides or whatever.

00:45:31.836 --> 00:45:35.096
<v SPEAKER_3>All that, the actual everyday operations of your business.

00:45:35.696 --> 00:45:41.356
<v SPEAKER_3>Scope 2 emissions is whatever energy you're getting from the grid.

00:45:41.356 --> 00:45:46.676
<v SPEAKER_3>So then you have to calculate what the emissions are from that energy that you're using from the grid.

00:45:46.676 --> 00:45:54.736
<v SPEAKER_3>So if you're in Quebec and most of the energy you're getting is from hydroelectricity, you have a really great Scope 2 emissions profile.

00:45:54.736 --> 00:46:01.556
<v SPEAKER_3>But if you're in Saskatchewan, Alberta, and you're using

natural gas or coal, you have a really crappy Scope 2 emissions profile.

00:46:02.176 --> 00:46:12.016

<v SPEAKER_3>And then Scope 3 emissions are all the emissions embedded, the Scope 1 and 2, that's embedded in all the stuff that you use upstream and downstream.

00:46:12.016 --> 00:46:25.916

<v SPEAKER_3>So if you're, the screws that you're using on your farm or the wrenches or the tires that you might be getting, you have to calculate the emissions embedded and all of that because that's part of your overall operation.

00:46:25.916 --> 00:46:39.376

<v SPEAKER_3>So for let's say an aluminum company, it would have to be everything up and down the supply chain, the smelters, all the emissions embedded in the construction of the components that go into the smelter.

00:46:39.376 --> 00:46:42.416

<v SPEAKER_3>So you end up getting this multiple accounting.

00:46:42.416 --> 00:46:49.376

<v SPEAKER_3>And I think this goes to Joe's point where originally with the Paris Agreement, it was your nationally determined contributions.

00:46:49.376 --> 00:46:56.256

<v SPEAKER_3>But with Scope 3 emissions, you've got multiple companies calculating in multiple ways.

00:46:57.136 --> 00:47:03.516

<v SPEAKER_3>If you're doing Scope 3 and it's everything up and down your supply chain, that supply chain is already accounted for that.

00:47:03.516 --> 00:47:07.336

<v SPEAKER_3>So you're seeing and how many things have they sold around the world.

00:47:07.336 --> 00:47:13.216

<v SPEAKER_3>And so every company that uses that stuff is accounting for those emissions that that company's already accounted for.

00:47:13.216 --> 00:47:32.616

<v SPEAKER_3>So it ends up being this huge number, which is why, for example, we had these environmental groups that have done a securities complaint against Senevus and Enbridge, saying that they're not taking Scope 3 emissions into account and that's people actually using their product.

00:47:32.616 --> 00:47:43.016

<v SPEAKER_3>So if somebody's using natural gas, the environmental groups want Enbridge to take into account the emissions from somebody using the natural gas.

00:47:43.016 --> 00:47:59.656

<v SPEAKER_3>So that just blows the number up to this huge thing, because companies will say, well, I've got my Scope 1 under control, there's not much I can do about Scope 2, but I'm hoping to maybe relocate to a better grid or something.

00:47:59.656 --> 00:48:12.396

<v SPEAKER_3>But the activists want and the regulators want Scope 3 to be calculated, which is just this enormous number and is multiple accounting throughout the supply chain.

00:48:12.396 --> 00:48:13.636

<v SPEAKER_1>And it's hard to just say no.

00:48:14.016 --> 00:48:31.256

<v SPEAKER_1>Like I just, what comes to an example, and I just looked it up, is diesel exhaust fluid, which is an additive you have to put in diesel fuel in any truck or tractor or any modern piece of equipment, and it's to reduce NOx, nitrous oxide emissions.

00:48:31.256 --> 00:48:32.916

<v SPEAKER_1>Okay, interesting.

00:48:32.916 --> 00:48:36.896

<v SPEAKER_1>But it costs like 50 cents a litre.

00:48:36.896 --> 00:48:39.836

<v SPEAKER_1>And modern equipment won't run without it.

00:48:39.836 --> 00:48:42.956

<v SPEAKER_1>Like they've got the manufacturers to buy into all of this.

00:48:43.076 --> 00:48:48.476

<v SPEAKER_1>So, you know, your tractor, if you don't put it in or truck, if you don't put it in, it doesn't run.

00:48:48.476 --> 00:48:53.356

<v SPEAKER_1>So this is an example of embedding regulation into something.

00:48:53.616 --> 00:48:56.716

<v SPEAKER_1>And again, I'll just go back to the to its inflationary.

00:48:56.836 --> 00:48:57.736

<v SPEAKER_1>It just can.

00:48:57.736 --> 00:49:01.656

<v SPEAKER_1>And it's we're on an island here in the West.

00:49:01.656 --> 00:49:05.136

<v SPEAKER_1>They're not adding depth to trucks and tractors in China.

00:49:05.136 --> 00:49:07.736

<v SPEAKER_1>I guarantee you they're not.

00:49:07.796 --> 00:49:11.296

<v SPEAKER_1>Anyways, now I'm editorializing as I can.

00:49:11.296 --> 00:49:13.116

<v SPEAKER_1>Joe lets me do some time.

00:49:13.116 --> 00:49:14.436

<v SPEAKER_1>He'll probably cut some of this out.

00:49:15.936 --> 00:49:18.216

<v SPEAKER_1>But we're toward the end of the hour.

00:49:18.216 --> 00:49:19.976

<v SPEAKER_2>So I think we get back.

00:49:19.976 --> 00:49:21.776

<v SPEAKER_2>I think we include most of that, Kelly.

00:49:21.776 --> 00:49:29.896

<v SPEAKER_2>And I think even more than being inflationary, you know, taxes like this, especially the tariffs, because these are tariffs.

00:49:29.896 --> 00:49:37.436

<v SPEAKER_2>And the regulatory burden as well for avoiding these sort of tariffs, they cause a deadweight loss to the economy and they reduce productivity in general.

00:49:37.616 --> 00:49:43.196

<v SPEAKER_2>So I think, you know, we should be trying to pursue the lowest cost ways of reducing.

00:49:43.316 --> 00:49:47.256

<v SPEAKER_2>If we want to reduce carbon emissions, we should do the lowest cost ways of doing it.

00:49:47.256 --> 00:49:49.376

<v SPEAKER_2>I don't think these are the lowest cost ways of doing it.

00:49:49.376 --> 00:50:00.336

<v SPEAKER_2>So I think that generally we should be looking at other ways to bring emissions down through reducing, let's say, methane emissions and things like that.

00:50:00.896 --> 00:50:03.716

<v SPEAKER_2>Those are policies that I get into.

00:50:04.056 --> 00:50:09.916

<v SPEAKER_2>And I think it's the deadweight loss that we should be focused on here to use in economics term.

00:50:09.916 --> 00:50:12.336

<v SPEAKER_2>But yeah, this has been great.

00:50:12.336 --> 00:50:17.316

<v SPEAKER_2>Ron, Tammy, really appreciate you two coming on and chatting about your paper.

00:50:17.316 --> 00:50:19.896

<v SPEAKER_2>Again, really recommend our listeners give it a read.

00:50:19.896 --> 00:50:26.996

<v SPEAKER_2>It's really not very long and I'm sure that it will spark more ideas about CBAMs going forward.

00:50:26.996 --> 00:50:30.936

<v SPEAKER_2>So I hope that the two of you will continue doing work on this subject.

00:50:31.796 --> 00:50:42.356

<v SPEAKER_2>But to get away from your paper though, and to get into other things people might be interested in reading, we always have one last question for our podcast guests.

00:50:42.356 --> 00:50:49.776

<v SPEAKER_2>And I hope that the two of you have enough time to actually read for pleasure, or at least for personal interest.

00:50:49.776 --> 00:50:52.976

<v SPEAKER_2>So one last question, what are you two reading these days?

00:50:52.976 --> 00:50:56.776

<v SPEAKER_2>And I'll let Tammy go first with her book suggestion.

00:50:58.016 --> 00:51:02.256

<v SPEAKER_3>Okay, so I'm actually reading three different reports right now.

00:51:02.256 --> 00:51:03.376

<v SPEAKER_3>One is the US.

00:51:03.376 --> 00:51:08.036

<v SPEAKER_3>Department of Energy's Critical Review of Impacts of Greenhouse Gas Emissions on the US.

00:51:08.036 --> 00:51:08.496

<v SPEAKER_3>Climate.

00:51:08.496 --> 00:51:11.376

<v SPEAKER_3>That's open for comment right now.

00:51:11.376 --> 00:51:16.216

<v SPEAKER_3>Another is the Network for Greening the Financial System, or NGFS.

00:51:16.216 --> 00:51:21.356

<v SPEAKER_3>It recently released its Target Setting and Transition Plans Technical Notes, so I'm reading that.

00:51:21.356 --> 00:51:33.436

<v SPEAKER_3>And the third thing I'm reading is the Bank for International Settlements Framework for Voluntary Climate-Related Financial Risks, which they're asking all the central banks to take into account in Canada.

00:51:33.436 --> 00:51:36.476

<v SPEAKER_3>Bank of Canada said, yes, we'll do that.

00:51:36.476 --> 00:51:39.456

<v SPEAKER_3>And then for fun, I read the odd Jack Reacher novel.

00:51:39.536 --> 00:51:41.016

<v SPEAKER_1>Oh, good.

00:51:41.016 --> 00:51:42.076

<v SPEAKER_2>Oh, which one's that?

00:51:42.076 --> 00:51:42.516

<v SPEAKER_2>OK.

00:51:42.516 --> 00:51:46.556

<v SPEAKER_3>This is past tense because it includes two young Canadians.

00:51:46.556 --> 00:51:47.576

<v SPEAKER_4>OK.

00:51:47.576 --> 00:51:49.576

<v SPEAKER_2>Fantastic.

00:51:49.576 --> 00:51:50.956

<v SPEAKER_1>Huh.

00:51:50.956 --> 00:51:51.356

<v SPEAKER_2>OK.

00:51:51.356 --> 00:51:57.156

<v SPEAKER_2>And yeah, I'll include links to all of those reports that you mentioned there as well, Tammy.

00:51:57.156 --> 00:52:00.776

<v SPEAKER_2>That sounds like a lot of very difficult and technical reading.

00:52:00.776 --> 00:52:02.196

<v SPEAKER_2>So we'll see.

00:52:02.256 --> 00:52:07.756

<v SPEAKER_1>That's why we get great service out of these people, Joe, because they're up to date on the technical reviews.

00:52:08.236 --> 00:52:09.396

<v SPEAKER_4>Yeah, exactly.

00:52:10.456 --> 00:52:12.516

<v SPEAKER_1>Ron, what are you reading?

00:52:12.516 --> 00:52:19.016

<v SPEAKER_4>Well, actually, I don't I'm not as widely read as Tammy.

00:52:19.016 --> 00:52:25.816

<v SPEAKER_4>She's she goggles up these texts and reports like crazy.

00:52:25.816 --> 00:52:33.596

<v SPEAKER_4>But I actually have been reading Conrad Black's History of Canada book called Rise to Greatness.

00:52:34.596 --> 00:52:44.556

<v SPEAKER_4>And the reason I was reading that was is that there's a lot of past history that I don't think Canadians really understand.

00:52:44.556 --> 00:52:50.236

<v SPEAKER_4>And there's a lot of that past history that's either being denied or ignored.

00:52:50.236 --> 00:52:57.896

<v SPEAKER_4>As we move ahead into the brave new world of the carbon championship for Canada.

00:52:57.896 --> 00:53:15.536

<v SPEAKER_4>So that's a book I would really highly recommend to everyone, especially given the fact that so much of the legislative basis of Canada is changing so dramatically and has changed so dramatically in the last 10 years.

00:53:15.536 --> 00:53:18.376

<v SPEAKER_4>So, yeah, that's my book.

00:53:18.516 --> 00:53:19.996

<v SPEAKER_3>That's a great book.

00:53:19.996 --> 00:53:20.816

<v SPEAKER_1>Yeah, it is.

00:53:20.816 --> 00:53:21.876

<v SPEAKER_1>I read it years ago.

00:53:21.876 --> 00:53:24.016

<v SPEAKER_1>I should open it up again.

00:53:26.636 --> 00:53:27.676

<v SPEAKER_4>Okay, fantastic.

00:53:27.676 --> 00:53:31.236

<v SPEAKER_2>Well, thank you both so much for coming on again.

00:53:31.236 --> 00:53:43.356

<v SPEAKER_2>I'm sure we'll have more written work from both you in the future and we'll have you on again, ideally, to talk about this but also other important issues in Canadian energy and climate policy.

00:53:43.356 --> 00:53:44.856

<v SPEAKER_2>So thanks so much for coming on.

00:53:44.856 --> 00:53:46.456

<v SPEAKER_1>Yeah, thanks again, you guys.

00:53:46.456 --> 00:53:47.496

<v SPEAKER_4>You're welcome.

00:53:47.496 --> 00:53:50.696

<v SPEAKER_4>Great to see you all and have a good vacation, Joe.

00:53:50.696 --> 00:53:52.056

<v SPEAKER_2>Well, thank you, Ron.

00:53:52.056 --> 00:53:52.436

<v SPEAKER_3>Okay.

00:53:52.436 --> 00:53:53.696
<v SPEAKER_4>Bye, Tammy.

00:53:53.696 --> 00:53:54.396
<v SPEAKER_3>Thank you.

00:53:54.396 --> 00:53:54.556
<v SPEAKER_3>Bye.

00:53:57.516 --> 00:54:03.636
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00:54:03.636 --> 00:54:08.156
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00:54:15.576 --> 00:54:22.256
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00:54:31.916 --> 00:54:32.836
<v SPEAKER_1>I'm Kelly Ogle.

00:54:32.836 --> 00:54:34.836
<v SPEAKER_1>Thanks for joining us on Energy Security Cubed.