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## Summary report on the multilateral assessment of Canada at the forty-ninth session of the Subsidiary Body for Implementation

### Note by the secretariat

#### I. Background

1. The Conference of the Parties, at its sixteenth session, decided that developed country Parties should enhance the reporting in their national communications and submit biennial reports on their progress in achieving emission reductions. It also decided to establish the international assessment and review (IAR) process under the Subsidiary Body for Implementation (SBI), which aims to promote comparability of efforts among all developed country Parties.<sup>1</sup> According to the modalities and procedures for IAR,<sup>2</sup> multilateral assessment (MA) is to be conducted for each developed country Party at a working group session of the SBI with the participation of all Parties. The aim of MA is to assess each Party's progress in implementation towards achieving emission reductions and removals related to its quantified economy-wide emission reduction target.

2. The third round of MA of Canada took place on 3 December 2018 at a working group session during SBI 49. Such a working group session is preceded by a three-month period of questions and answers: in the first month, any Party may submit written questions to the Party being assessed, which may respond to the questions within the remaining two months. Questions for Canada had been submitted in writing two months before the working group session at SBI 49 by the following delegations: Australia, China, European Union, New Zealand, Republic of Korea and Thailand. Brazil and the United States of America submitted written questions after the deadline. A list of the questions received and the answers provided by Canada as well as the webcast of the session can be found on the IAR web page for Canada.<sup>3</sup> The Party can submit any other observations on its MA process within two months of the working group session.

#### II. Proceedings

3. The working group session was chaired by the SBI Chair, Mr. Emmanuel Dumisani Dlamini. Canada was represented by Mr. Matt Jones (Assistant Deputy Minister of the Pan-

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<sup>1</sup> Decision 1/CP.16, paragraphs 40 and 44.

<sup>2</sup> Decision 2/CP.17, annex II.

<sup>3</sup> <https://unfccc.int/process-and-meetings/transparency-and-reporting/reporting-and-review-under-the-convention/national-communications-and-biennial-reports-annex-i-parties/multilateral-assessment/multilateral-assessment-of-third-biennial-reports/third-multilateral-1>.

Canadian Framework on Clean Growth and Climate Change of Environment and Climate Change Canada).

4. Mr. Jones made an opening presentation summarizing Canada's progress in implementation towards achieving emission reductions and removals related to its quantified economy-wide emission reduction target. Under the Convention, Canada made a commitment to reduce its greenhouse gas (GHG) emissions by 17 per cent below the 2005 level by 2020.

5. Canada's total GHG emissions excluding emissions and removals from land use, land-use change and forestry (LULUCF) increased by 18.1 per cent between 1990 and 2015, owing mainly to geographical, demographic and economic circumstances. Canada's population grew by 29.0 per cent between 1990 and 2015. The country's climate and geography contribute to its high energy use. The large distances between metropolitan areas and the country's low population density result in high emissions from the transport sector. In addition, Canada's economic growth was the fastest among the Group of Seven<sup>4</sup> largest advanced economies.

6. Mr. Jones presented the Pan-Canadian Framework on Clean Growth and Climate Change, an initiative approved in December 2016 that encompasses most of the key policies and measures (PaMs) implemented by the Party to achieve its target. The overarching federal carbon pricing approach and backstop system is a significant new component of the Pan-Canadian Framework that integrates existing provincial carbon pricing programmes and expands to all provinces. Other significant measures are GHG regulations for both light-duty and heavy-duty vehicles, which will reduce fuel consumption of new vehicles, the federal Energy Efficient Equipment and Appliances Program, which sets efficiency standards for heating equipment and other end-use products at the highest economically feasible level, and regulations to address methane (CH<sub>4</sub>) emissions in the oil and gas sector. Mr. Jones also mentioned the Clean Fuel Standard, a performance-based approach to transportation fuels that will encourage the use of a broad range of lower carbon fuels such as electricity, hydrogen, and renewable fuels, including renewable natural gas.

7. On the use of units from LULUCF activities, Mr. Jones explained that Canada includes the contribution of LULUCF to achieving its target, but that, at the time of the publication of its third biennial report (BR3), it was examining its approach to accounting emissions and removals from LULUCF. Since then, Canada has developed a new approach, whereby it will use reference-level accounting for managed forests and harvested wood products, and the net-net approach for emissions accounting for all other subsectors. Mr. Jones explained that additional details would shortly be made publicly available. With regard to the use of units from market-based mechanisms under the Convention and other mechanisms, Mr. Jones stated that Canada is still evaluating its need to use market-based mechanisms.

8. Canada's total GHG emissions excluding LULUCF in 2020 and 2030 are projected to equal 728,400 and 721,400 kilotonnes of carbon dioxide equivalent (kt CO<sub>2</sub> eq), respectively, under the 'with measures' (WEM) scenario, which is an increase of 19.3 and 18.1 per cent, respectively, above the 1990 level. Under the 'with additional measures' (WAM) scenario, emissions in 2020 and 2030, amounting to around 690,400 and 583,400 kt CO<sub>2</sub> eq, respectively, are projected to be 13.0 per cent above and 4.5 per cent below the 1990 level, respectively, and 1.5 and 2.4 per cent respectively, below the 2005 level. The 2020 projections suggest that Canada may face challenges in achieving its 2020 target under the Convention.

9. The opening presentation was followed by interventions and questions from the following delegations: Australia, Brazil, China, European Union, Indonesia, Japan, New Zealand, Switzerland and the United States of America. The questions related to the division of federal and provincial responsibilities; projected emission reductions resulting from carbon pricing; challenges related to integrating multiple provincial approaches to carbon pricing; the sources of leadership in developing the Pan-Canadian Framework;

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<sup>4</sup> Canada, France, Germany, Italy, Japan, United Kingdom of Great Britain and Northern Ireland, and the United States.

standards for internationally transferred mitigation outcomes; challenges associated with aggregating subnational PaMs for national analysis; the institutions in place for increasing ambition over time; interministerial cooperation; methodologies for estimating emissions and removals from LULUCF and how to ensure consistency in targets over time when LULUCF methodologies change; standards for green infrastructure; institutional arrangements for implementing and verifying carbon pricing; and time frames for implementing the Pan-Canadian Framework.

10. In response, Canada provided further explanations. In particular, the Party elaborated on its existing institutions for climate-related provincial collaboration and resource-sharing. It explained that the biggest challenge it faced in developing the new Pan-Canadian Framework was the very short time frame, which limited engagement with some stakeholders. Regarding internationally transferred mitigation outcomes, Canada also explained that its focus is on ensuring that mitigation policies deliver real, measurable and additional emission reductions. The Party also provided additional information regarding the projected impacts of carbon pricing, with an expected emission reduction of approximately 50,000–60,000 kt CO<sub>2</sub> eq in 2030. It further explained that it has existing mechanisms and institutions in place for collaboration and information-sharing between the federal and provincial levels that assist in aggregating the impacts of provincial-level PaMs. It will be applying its new LULUCF accounting method to both its 2020 and 2030 targets in order to ensure consistency.

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