



MYTH

GOVERNMENTS HAVE TO CHOOSE BETWEEN A CARBON TAX AND “CAP AND TRADE”

FACT

GLOBAL LEADERS IN THE FIGHT AGAINST CLIMATE CHANGE ARE USING BOTH

The debate between cap and trade versus taxes is largely a false one. They are not mutually exclusive options.

Sweden has a comprehensive suite of policies to reduce its carbon emissions.

Unlike Canada, Sweden is on track to surpass its Kyoto commitments

Sweden, for example, has implemented a comprehensive set of policies to reduce emissions, including a carbon tax it established in 1991. Unlike Canada, Sweden is on track to surpass its Kyoto commitment and its national emissions have decreased to more than 7% below the 1990 level. Between 1990 and 2006, Sweden experienced 44% economic growth (in fixed prices).¹

The European Union is implementing a cap-and-trade system as a key policy tool to achieve the E.U.’s goal of reducing emissions to at least 20 per cent below 1990 levels by 2020. Several European countries, including the U.K., Norway and Germany, have implemented both emissions taxes and a cap-and-trade framework.

In Canada, British Columbia and Québec have implemented carbon tax policies. At the same time, B.C., Manitoba, Québec and Ontario are joining U.S. states in a carbon-trading system. However, the current federal government climate change policy uses “intensity” targets that allow carbon emissions to continue to grow, and has been widely criticized as being too weak to reach its own objectives. It is notable that both U.S. presidential candidates support an absolute cap on greenhouse gas pollution, not the intensity-based targets that Canada has adopted.

Canadians want their government to be an environmental leader. Putting a price on carbon emissions either through cap-and-trade, a carbon tax, or a combination of the two — is an essential tool to fight climate change. We also need a comprehensive climate action plan that includes complementary regulations and spending measures to build long-term solutions for a healthy economy, environment and future.

For further information: info@climateactionnetwork.ca

Climate Action Network is a coalition of Canada’s leading environmental organizations.
The environment matters in this election. Addressing climate change is vital for our economy, our health and our future.

¹ Sweden’s carbon-tax solution to climate change puts it top of the green list, The Guardian, April 29, 2008
<http://www.guardian.co.uk/environment/2008/apr/29/climatechange.carbonemissions>