

Chamber of Commerce calls for suspension of cap and trade in Ontario



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WINDSOR, ON. APRIL 20, 2016. -- Matt Marchand kicks off the start of the 2016 BEA awards at Caesars Windsor in Windsor on Tuesday, April 20, 2016. (Windsor Star - Tyler Brownbridge) *WINDSOR STAR*

The Windsor region's Chamber of Commerce has joined forces with others from across Ontario to demand the province kill its cap and trade program, saying it is having a devastating economic impact on local business.

Matt Marchand, president and CEO of the Windsor-Essex Regional Chamber of Commerce, said Sunday the stakes are high in Essex County. He said the potentially high cost of working under the cap and trade system could have businesses, such as Essex County's greenhouses and agri-food operations, fleeing to coal burning jurisdictions like Ohio.

"It's the layering of all these costs — the 400 per cent increase in electricity prices, now greenhouses have to pay hundreds of thousands of dollars a year in carbon taxes," said Marchand. "And to what end? All we end up doing is shipping the jobs to Ohio so they can plug into a coal plant. I think at some point you have to ask yourself, does this make a lot of sense? I think the collective answer is no it doesn't."

The resolution calling on the government to suspend cap and trade passed over the weekend at the Ontario Chamber of Commerce annual general meeting in Sarnia. The Windsor-Essex Regional Chamber of Commerce was among nine chambers to co-sponsor the resolution.

"It's really a collective effort of all chambers across Ontario coming together to speak with one voice on the detrimental impact of cap and trade on our ability to drive investment and jobs here in Ontario," said Marchand.

Cap and trade is a government-mandated effort to reduce pollution by giving economic incentives for reducing emissions. The government sells permits allowing businesses to produce pollutants. Organizations that want to increase emissions must buy more permits from others willing to sell them.

The chambers argue that with the introduction of cap and trade to Ontario on Jan. 1, businesses and communities are at risk of being unable to transition to a low carbon economy and still remain viable.

He said businesses like greenhouses that use a lot of energy are more exposed to the effect of cap and trade, and are at risk of subsidizing other industries instead of making the intended transitions.

The chambers maintain that such businesses are not being given enough opportunity to develop new technology and processes to meet the carbon emission targets. They argue these industries will pay significant fees for credits while facing major technological hurdles to reduce carbon emissions that will cost millions of dollars.

While the companies are facing these costs, Marchand said there is a risk that cap and trade proceeds could be directed away from their industries, giving little support in the development of low carbon technologies.

If the government won't suspend the system, the chambers have several suggestions for mitigating the "risks."

Those suggestions include investing in local economies an amount equal to what was drawn through cap and trade.

The chambers want to ensure that cap and trade proceeds from exposed industries are used to develop processes and technologies to help them meet emissions targets. They also want the government to allow adequate time for more research and development or give credit to companies that are developing low-carbon technology.

The chambers are also urging the government to recognize other environmental priorities and regulations so businesses are able to meet all emission targets. Finally, they want increased cost offsets and support from the government to ensure small businesses can stay competitive.

Marchand said the system puts Ontario at a disadvantage because the only U.S. state using cap and trade is California, which recently raised the cost of its credits.

"Essentially, at the moment, we're just doing cap and trade with ourselves," he said.

"So the end result of all this is Ontario is just too expensive to do business. It hurts consumers paying more at the pump.

"And, as the auditor general points out, it's not going to have any impact or little impact on emissions. It's one of those ideas that sound good when you talk about it in theory. But when you apply it, it actually makes things worse."

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