



# Help Manufacturers Adapt to and Advance Canada's Climate Change Plan

## OVERVIEW

Some consider the race to build the clean economy to be one of the most significant economic transformations since the Industrial Revolution. The federal government has proposed incentives to encourage manufacturers to build clean technology, though they have yet to be made operational and they do not fully close the gap in incentives between Canada and the U.S. As such, Canada's manufacturing sector remains at risk of being left behind in the global race to develop clean technology.

## WHY IT MATTERS

Global demand for clean technology products is set to increase sharply in the coming years. With the right policy framework and investments, Canadian clean technology manufacturers could be in a prime position to capture more than their fair share of this global demand, a tremendous opportunity to drive economic growth and create good jobs for Canadians.

Still, achieving the outcome of a growing and competitive manufacturing sector that reaches net-zero emissions by 2050 will be a daunting task. Only through a strong partnership with industry can the federal government achieve its ambitious dual goal of achieving deep domestic absolute emissions reductions, while at the same time growing the economy.

## SOLUTIONS

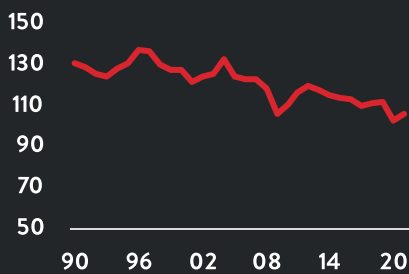
To support the growth of clean technology manufacturing in Canada and to help them decarbonize their operations, CME recommends that governments:

1. Speed up implementation of the new and expanded investment tax credits (ITCs) proposed in Budget 2023 and introduce additional measures to close the gap in incentives relative to the U.S. Inflation Reduction Act
2. Expand and extend the Net Zero Accelerator (NZA) initiative at least ten more years, providing a minimum of \$5.0 billion in annual funding to support large-scale carbon reduction investments
3. Create an SME net-zero transition strategy that focuses on education and awareness campaigns, operational assessments, and dedicated funding to secure their participation in global supply chains
4. Return all revenues from the federal fuel charge to manufacturers
5. Simplify and accelerate the approval process for new projects by enacting comprehensive permitting and regulatory reform and by identifying and eliminating redundant and outdated regulations

## HELPING MANUFACTURERS GROW. FOR MORE INFORMATION:

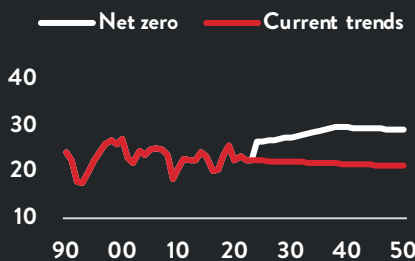
Alan Arcand, Chief Economist, CME  
[Alan.Arcand@cme-mec.ca](mailto:Alan.Arcand@cme-mec.ca) | [CME-MEC.CA/](http://CME-MEC.CA/)

Canada's manufacturing sector reducing its carbon footprint (Mt CO<sub>2</sub>eq)



Sources: Environment and Climate Change Canada; CME.

Current investment trends in manufacturing won't cut it (billions \$)



Sources: Statistics Canada; CME.

% of manufacturers that have set a net zero target by 2050 or earlier



Source: CME Low Carbon Transition Survey (2022).