



Council of the
European Union

Brussels, 31 October 2023
(OR. en)

14927/23

LIMITE

ENV 1223
CLIMA 523
ENER 590
COTRA 31
CDN 4
RECH 480
FIN 1118

NOTE

From: General Secretariat of the Council
To: Delegations

Subject: EU-Canada Green Alliance to be signed by the European Commission on behalf of the European Union and Union's joining of the Global Carbon Pricing Challenge
- Authorisation to sign an NBI

DOCUMENT PARTIALLY ACCESSIBLE TO THE PUBLIC (04.07.2024)

Delegations will find in the Annex a note from the Commission on its intention to sign, on behalf of the EU, the EU-Canada Green Alliance and to join the Global Carbon Pricing Challenge.

This Commission note launches the second step in the procedure for Non-Binding Instruments (NBI).



EUROPEAN COMMISSION
Directorate-General for Climate Action

Directorate D - International Affairs and Climate Finance
CLIMA.D2 - Bilateral Relations

Brussels, 30 October 2023

**NOTE FOR THE ATTENTION OF MS THÉRÈSE BLANCHET GENERAL SECRETARIAT
OF THE COUNCIL**

***SUBJECT:* EU-Canada Green Alliance to be signed by the European Commission President
on behalf of the European Union and Union's joining of the Global Carbon
Pricing Challenge – for Council endorsement**

***CONTACT POINTS:* Commission DG CLIMA Unit D.2 - Bilateral Relations**

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REMARKS:

In line with the arrangements for non-binding instruments between the Secretary-General of the Commission, the Secretary-General of the Council, and the Secretary-General of the EEAS ⁽¹⁾, please find enclosed the draft text of the EU-Canada Green Alliance (Annex 1) and information on Canada's Global Carbon Pricing Challenge initiative (Annex 2).

On 8 May 2023, Member States have been informed of the Commission's intention to establish, on behalf of the European Union, a Green Alliance with Canada. The main elements of a possible Green Alliance (*including a reference to work on carbon pricing and expanding the global uptake of carbon pricing policies in third countries (Florence process and 'Global Carbon Pricing Challenge')*) were presented by the Commission services to the Council Working Party on the Environment on 16 June 2023 (orally and in written format) and on 7 July 2023. The Commission services have also replied to procedural questions raised by the Member States in writing.

The intention is that, after the endorsement by the Council, the Commission President signs the Green Alliance at the EU-Canada Summit currently scheduled for 23-24 November 2023 on behalf of the Union and announces that the Union is joining the Global Carbon Pricing Challenge as reflected in the elements for a Green Alliance tabled last June. The Call to Action for Paris Aligned Carbon Markets² which was endorsed by the Council in June 2023, already refers explicitly to the Global Carbon Pricing Challenge (*'The Call for Action aims at accelerating the development of domestic carbon pricing and effective carbon market instruments, building on the experience from those markets that already implemented their own, to cover at least 60% of global emissions as aimed by the Global Carbon Pricing Challenge launched by Canada'*)

On the draft Green Alliance text, Member States will notice that there are few issues still in brackets as detailed below:

- Canada agreed to join the Global Energy Pledge, but the text remains in brackets pending finalisation of the Global Energy Pledge and formal confirmation that Canada will join the Pledge.
- On Canada's association to the Horizon Europe Programme, formal negotiations with Canada are still ongoing. Should those not be completed before the EU-Canada Summit, the paragraph in question will be deleted.

⁽¹⁾ Note 15367/17 of 4 December 2017 on arrangement for non-binding instruments.

² <https://nouveaupactefinancier.org/pdf/call-to-action-for-paris-aligned-carbon-markets.pdf>

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Enclosed:

- EU-Canada Green Alliance
- Global Carbon Pricing Challenge

Brussels, 30.10.2023
C(2023) 7481 final

ANNEX 1

PUBLIC

ANNEX

to the

Commission Decision

on the establishment of the EU-Canada Green Alliance

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GENERAL PRINCIPLES

- Canada and the European Union (EU), hereinafter referred to as “both partners”, have a longstanding partnership rooted in common interests and shared fundamental values and principles such as democracy, respect for human rights and fundamental freedoms, the rule of law, free and fair trade, effective multilateralism, a rules-based international order, social inclusion and sustainable development.
- The Canada-EU Strategic Partnership Agreement (SPA), and the Canada-EU Comprehensive Economic and Trade Agreement (CETA), facilitate cooperation and dialogue between both partners on issues of importance to their societies, including economic and sustainable development, the environment, energy, and the fight against climate change.
- The world is facing an unprecedented triple planetary crisis of climate change, biodiversity loss, and pollution. Those aspects are interlinked and mutually reinforcing, posing a global and existential threat.
- The contribution of trade to sustainable development, environmental protection, and climate change mitigation and adaptation is vital and both partners reconfirm their commitment to continue encouraging mutually supportive environmental and trade policies and practices informed by evidence-based decision making, in line with the principles and obligations under their bilateral and multilateral trade agreements.
- In this overall context, both partners aim at progressing towards fair and prosperous societies, with modern, resource-efficient and competitive economies where economic growth is decoupled from emissions, environmental degradation and resource use. This transition must be just and inclusive, leaving no one behind, and with sustainable jobs compatible with the path to a net-zero emissions and climate-resilient future.
- Both partners affirm their strong support for a rules-based international order and multilateralism and the necessity of achieving the United Nations (UN) 2030 Agenda and its Sustainable Development Goals (SDGs), the UN Framework Convention on Climate Change (UNFCCC), the Paris Agreement, the Convention on Biological Diversity (CBD) and the Kunming-Montreal Global Biodiversity Framework (KMGBF), the Montreal Protocol, the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) and other international instruments.
- Both partners recognise that Canada prioritises the unique relationship that First Nations, Inuit, and Métis peoples have with their territories, lands, ice, and waters and understands that continued collaboration includes ensuring Indigenous Peoples have full and effective participation in decision-making in matters that would affect their rights, in accordance with both relevant national legislation and international instruments. They also reaffirm their firm commitment towards the respect, protection and fulfilment of the rights of Indigenous Peoples as set out in the UNDRIP and in international human rights law, including those related to the conservation and protection of the environment.
- Recognising the key role of both partners in leading global efforts to address the triple planetary crisis and fostering a nature-positive and global net-zero emissions economy by 2050, they intend to further intensify their political, technical, economic and scientific cooperation on climate action and environment protection at both bilateral and multilateral level by establishing a Green Alliance.
- The Green Alliance is expected to build on the existing bilateral cooperation, including under the SPA’s High-Level Dialogues on Climate, Environment, Energy, and Oceans and Fisheries, CETA’s Trade and Sustainable Development Committee, the Dialogue on Sustainable Agriculture, the Strategic Partnership on Raw Materials, the Canada-EU Ocean Partnership Agreement, and the Agreement for Scientific and Technological Cooperation.

- The Canada-EU Green Alliance does not, nor is it intended to create any rights or obligations under domestic or international law and has no financial implications for either Partner.

Priority Areas for Bilateral Cooperation

Climate Action

Both Partners:

- Reaffirm their unwavering commitment to the Paris Agreement, and its strengthened implementation including through the delivery of the commitments set out in the Glasgow Climate Pact and the Sharm el-Sheikh Implementation Plan. To this end, they reaffirm their commitment to scale up action in this critical decade to drastically reduce emissions and boost mitigation actions to keep a limit of 1.5°C temperature rise within reach, to enhance resilience and adaptive capacity to the impacts of climate change, to make finance flows consistent with a pathway towards low greenhouse gas (GHG) emission and climate-resilient development and to mobilise climate finance to developing countries from a wide variety of sources, instruments and channels, while supporting developing countries transitions.
- Have set legally binding commitments to reach net-zero GHG emissions by 2050, as well as mid-term 2030 emission reduction targets. Canada has committed to reducing economy-wide GHG emissions by 40-45% by 2030 compared to 2005 levels and set an interim objective for 2026 in its 2030 Emissions Reduction Plan. The EU has committed to reducing net GHG emissions by at least 55% by 2030 compared to 1990. These targets are also reflected in respective Nationally Determined Contributions (NDCs) and Long-Term Strategies (LTSS).
- Aim at exchanging views and experiences on regulatory approaches and incentives for the implementation of their NDCs and LTSS, and are also committed to accelerate cooperation, research and development, and trade and investment in the scaling up and development of innovative technologies that contribute to reducing emissions. In particular, cooperation is envisaged on the reduction of emissions (mitigation) notably from the energy and industry sectors, the transport sector (road, maritime and aviation) and from buildings.
- Recognise that implementing carbon pricing (including on both electricity and heat generation and energy-intensive industry sectors) is one of the most efficient and cost-effective ways to reduce GHG emissions and to spur investment and innovation in low-carbon solutions while respecting the polluters pay principle. In this vein, they intend to continue exchanges on their carbon pricing systems and to step up their efforts to expand the uptake of carbon pricing policies in other countries, including through active involvement in the 'Florence Process' and in the 'Global Carbon Pricing Challenge'. In that regard, reaffirm their support for the Call to Action for Paris Aligned Carbon Markets, launched at the Summit for a New Global Financing Pact. They intend to cooperate on carbon border adjustment mechanisms that aim at preventing carbon leakage in a non-discriminatory manner.
- Reaffirm their commitment to accelerate the deployment of zero-emission vehicles by achieving 100% zero-emission vehicles in new passenger car sales by 2035 as well as setting ambitious targets for the reduction of emissions from new heavy-duty vehicles by 2030 and 2040.
- Intend to collaborate bilaterally and encourage collaboration at international standardisation bodies so they develop and adopt international standards on recharging and refuelling infrastructure for zero-emission vehicles that can be recognised by the EU and Canada in the form of an aligned approach.
- Intend to collaborate on reducing the overall climate impacts from aviation and maritime transport at both bilateral and international level, including in the context of the International Civil Aviation Organization (ICAO), the International Maritime Organization (IMO) and the

UNFCCC and the Paris Agreement.

- Reaffirm their commitment to strengthen global efforts to achieve GHG life cycle net-zero emissions from international shipping by 2050 at the latest, with ambitious intermediate checkpoints including through the use of pricing mechanisms.
- Reaffirm their commitment to accelerate global efforts to achieve net-zero emissions in international aviation by 2050, including by implementing market-based measures and supporting the adoption of an ambitious Global Framework for Sustainable Aviation Fuels at ICAO.
- Acknowledge the importance of the availability and market deployment of technologies enabling the attainment of net-zero GHG emissions in transport (e.g. renewable and low-carbon fuels), in particular for the aviation and maritime sectors. In this respect, intend to work on the development of appropriate international renewable and low-carbon fuels sustainability criteria for maritime transport and incentivise the deployment of those fuels.
- Acknowledge the importance of reducing buildings' emissions across their whole life cycle and intend to work on climate-adapted building design, building energy efficiency and lowering operational emissions (e.g. by updating building codes to promote green construction standards, promoting the use of sustainable low embodied carbon materials, of new heating and cooling services using net-zero renewable energy sources, and digitalisation for optimised energy management).
- Are committed to the phase-out of ozone depleting substances (ODS) and phase-down of hydrofluorocarbons (HFCs) as set under the Montreal Protocol.
- Are determined to use their forests and agriculture resources sustainably and recognise that optimising nature-based solutions, such as removing carbon dioxide (CO₂) from the atmosphere by capturing it in soil, forests, wetlands and other ecosystems and in long-lived wood products, also contributes to achieving their climate targets.
- Recognising the mitigation potential of carbon sequestration in the agriculture sector, ecosystem restoration, and sustainable forest management, they intend to implement policies that encourage emission reductions and carbon removals in the land use, land-use change and forestry (LULUCF) sector. They also intend to exchange views and collaborate in the area of sustainable agricultural practices and sustainable forest management to advance their goals.
- Intend to build on the joint efforts already underway to promote sustainability, environmental stewardship and climate action in agriculture.
- Acknowledge the importance of optimising the usage of synthetic nitrogen fertilisers in agriculture and of sustainable nitrogen management. To this end, both partners aim at exchanging science, research and technical expertise on practices and technologies to increase nitrogen use efficiency and encourage increased adoption and the use of varied nutrient sources.
- Are conscious that in Canada, federal-Indigenous partnerships on climate support Indigenous self-determined climate action and that Indigenous-led conservation and partnership play an important role in the conservation, restoration, and sustainability of global biodiversity.
- Are conscious that the effects of climate change amplify socio-economic inequities and more severely impact vulnerable populations. Accordingly, they intend to make use of tools such as Canada's Gender-based Analysis Plus and the European Commission's Distributional Impact Assessments to understand intersectional impacts facing communities, and to understand where any disproportionate impacts may be experienced by populations at higher risk, further supporting forward planning.

- Recognise the urgency of creating more climate-resilient societies and intend to collaborate on adaptation, climate resilience and disaster risk mitigation and reduction, and to enhance in particular their cooperation on foresight capabilities, risk management and monitoring practices, helping them better understand climate risks and design solutions that enhance societal resilience and preparedness (climate risk informed decision-making, observation data, early warning systems, impact assessment data, climate proofing infrastructure, effective nature-based solutions, sustainable land use planning).
- Intend to pursue means to collaborate both at multilateral and bilateral level to address the impact of climate change and environmental degradation on peace, security and defence. The EU intends to engage with NATO on climate and security in the framework of a structured dialogue on climate and security. Canada is the host and the 'Framework Nation' of the NATO Climate Change and Security Centre of Excellence in Montreal.

Environmental and Ocean Protection

Both Partners:

- In order to halt and reverse biodiversity loss by 2030, reaffirm their commitment to the full, swift and effective implementation of the KMGBF, its Monitoring Framework, as well as other related decisions adopted at the 15th Conference of the Parties (COP15) to the CBD and cooperate on such implementation. As is stated within the KMGBF, this will be done with full, equitable, inclusive, effective and gender-responsive representation and participation in decision-making, and access to justice and information related to biodiversity by Indigenous Peoples and local communities, respecting their cultures and their rights over lands, territories, resources, and traditional knowledge.
- Intend to set national targets and plans by CBD COP16 and implement the goals and targets of the KMGBF in line with its 2050 Vision of ensuring that biodiversity is valued, conserved, restored and wisely used, maintaining ecosystem services, sustaining a healthy planet and delivering benefits essential for all people.
- Recognise that deforestation, forest degradation and ecosystem conversion are global threats to our climate, biodiversity, food security and livelihoods. Both partners share the objective to prevent global deforestation, and they intend to work together and with others to halt and reverse forest loss and land degradation by 2030, including as they relate to global supply chains, while delivering sustainable development and promoting an inclusive rural transformation. They intend to foster sustainable agricultural supply chains, recognising the importance of acting all along the value chain, and the sustainable management and use of forests and exchange on supporting measures.
- Aim at cooperating on bilateral and multilateral policies and actions to better prevent or where not possible, reduce and remedy air, water and soil pollution as integral elements of a zero-pollution ambition for a toxic-free environment, notably by implementing the outcomes of the CBD COP15 and promoting international cooperation towards a mercury-free world, such as in the Minamata Convention on Mercury.
- Aim at exchanging views on sustainable and integrated water resources management, addressing notably increasing water stress, water security issues and water resilience on the basis of respective relevant strategies and legislation.
- Intend to commit to the transition to more resource-efficient and circular economies and aim at creating functioning markets for secondary materials. They intend to exchange on strategies and policy measures that enable and encourage achieving a circular economy along the entire value chain of products, including through better product design and more effective management of materials and waste. They envisage to work with relevant stakeholders to jointly promote the circular economy internationally, building notably on their membership of the

Global Alliance on Circular Economy and Resource Efficiency (GACERE), as well as on relevant engagement at the World Trade Organisation (WTO), and within G7 and G20.

- Intend to further develop value chains for sustainable bio-based products and services.
- Recognise that the exponential growth of global demand for batteries requires a proactive approach to ensure the sustainability of battery value chains and aim to collaborate to bring about a circular policy approach to batteries covering the phases of design, production, use, re-use and recycling.
- Continue to develop comprehensive approaches to addressing the full life cycle of plastics, from production and design to waste prevention and management. As members of the High Ambition Coalition to end plastic pollution, and taking into account the global nature of the plastic pollution problem, they also commit to work together closely with a view to end plastic pollution from all sources by 2040. This includes ensuring that the outcome of the negotiations launched after the fifth resumed session of the UN Environment Assembly (UNEA) is an ambitious and effective global agreement on plastic pollution with legally binding obligations and control measures along the entire plastics life cycle.
- Intend to engage constructively in the current implementation process of UNEA Resolution 5/12 on environmental aspects of minerals and metals management, in view of achieving an ambitious result, and intend to actively follow up on its outcomes.
- Continue to contribute constructively to the International Seabed Authority (ISA), in line with the requirements under the UN Convention on the Law of the Sea (UNCLOS) to ensure effective protection for the marine environment from harmful effects which may arise from seabed activities.
- Recognise that international cooperation is critical to ensure the conservation and sustainable use of oceans, their resources and ecosystems. In this vein, they intend to cooperate on the sustainable management of coastal ecosystems and on the protection of marine biodiversity. This includes implementing the outcomes of CBD COP15 on ocean conservation, including through ensuring conservation of at least 30% of oceans globally through Marine Protected Areas (MPAs) and other effective area-based conservation measures (OECMs), and cooperating to advance science-based solutions to ocean challenges in the context of the UN Decade of Ocean Science for Sustainable Development 2021-2030.
- Aim for the rapid ratification and effective implementation of the international, legally binding instrument under UNCLOS on the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction (Biodiversity Beyond National Jurisdiction (BBNJ) Treaty). The BBNJ Treaty will play a critical role in achieving the goal to conserve at least 30% of oceans globally by 2030 by providing a framework to establish area-based management tools, including MPAs and OECMs, in areas beyond national jurisdiction.
- Reaffirm their commitment to end illegal, unreported and unregulated (IUU) fishing and intend to jointly work to enhance measures and initiatives to effectively combat IUU fishing, including through the IUU Fishing Action Alliance.
- Reaffirm their commitment to promote dialogue and cooperation on Arctic matters, including peace, stability and economic development that, for the latter, is sustainable and responsible in the region and does no harm to the Arctic environment, and takes place in full respect of the interests, priorities and rights of Indigenous Peoples in line with the UNDRIP. Recognise that local communities and Indigenous Peoples have a central role in shaping and advancing the international Arctic cooperation agenda.

- Reaffirm their commitment to suspend offshore oil and gas extraction in the Arctic waters.
- Commit to the effective implementation of the 2018 Agreement to Prevent Unregulated High Seas Fisheries in the Central Arctic Ocean.

Energy Transition

Both Partners:

- Recognise the pivotal role of the energy sector in achieving the goals of the Paris Agreement, and intend to cooperate to develop clean energy systems domestically and internationally.
- Recognise the importance of a just energy transition that leaves no one behind and fosters an inclusive dialogue, that includes those workers, industries, sectors, households, consumers and vulnerable communities that will face the greatest challenges in the transition.
- Recognise the importance of putting forward energy efficiency and savings policies and to accelerate the deployment of renewable energies, and the development and deployment of next-generation technologies. [They also intend to work towards the full and effective implementation of the Global Energy Pledge to collectively double the rate of energy efficiency improvements every year to 2030 and to triple the world's installed renewable energy capacity by 2030 to 11 TW.]
- Intend to accelerate the global phase-out of unabated fossil fuels and reach a peak in their consumption in this decade so as to achieve net-zero in energy systems by 2050 at the latest, in line with the trajectories required to limit global average temperatures to 1.5 °C above preindustrial levels.
- Reaffirm their commitment to accelerate the phase-out of unabated coal in their energy production and to end the construction of new [unabated] coal-fired power generation. They reiterate their commitment to advance and support third countries on the transition from unabated coal power generation to clean energy, including in the context of the Powering Past Coal Alliance (PPCA).
- Acknowledge that fossil fuel subsidies are inconsistent with the goals of the Paris Agreement and affirm their commitment to the elimination of inefficient fossil fuel subsidies by 2025 or sooner. They intend to facilitate greater transparency on inefficient fossil fuel subsidies globally, strengthen their action as necessary and consider options for developing joint public inventories of fossil fuel subsidies. They will also take steps to increase cooperation, discussion, and share best practices on eliminating inefficient fossil fuel subsidies and enhancing transparency at the international level.
- Intend to collaborate on the development of international standards and certification schemes for hydrogen.
- Intend to reduce methane emissions and to exchange views on effective technologies and practices to reduce methane emissions from oil and gas, and from the waste and agriculture sectors. They also intend to work towards the full and effective implementation of the Global Methane Pledge and of the Joint Declaration from the Energy Importers and Exporters on Reducing Greenhouse Gas Emissions from Fossil Fuels, both through domestic and international actions. They recognise the role of the Climate and Clean Air Coalition, the International Methane Emissions Observatory as well as of the Global Methane Initiative. As participants of the Global Methane Pledge, they have committed to take voluntary actions to contribute to a collective effort to reduce global methane emissions by at least 30% from 2020 levels by 2030. Methane emissions in the EU, in 2020, were already 36% below 1990 levels. The EU has implemented and proposed new measures that will reduce the EU's overall methane

emissions even further to just over 50% by 2030 compared to 1990 levels. Canada has also committed to achieving at least a 75% reduction in methane emissions from its oil and gas sector from 2012 levels by 2030.

- Intend to cooperate on respective strategies and technologies for carbon capture, utilisation and storage (CCUS), including carbon dioxide removals (CDR), recognising the need for robust Life Cycle Analysis (LCA) accounting for all environmental aspects and comprehensive Monitoring, Reporting and Verification (MRV).

Green Industrial Transformation, Regulatory and Business Cooperation

Both Partners:

- Affirm the importance of international standards and intend to develop common approaches to relevant standards and to cooperate in their development in order to advance the shared priority areas listed in this Green Alliance.
- Recognise the importance of regulatory cooperation and intend to continue to exchange information, share best practices, identify areas for regulatory alignment and address shared priorities through available mechanisms including the CETA Regulatory Cooperation Forum (RCF).
- Recognise the pivotal role that innovative technologies will play in creating a net-zero emission and circular economy, and the importance of science-based regulatory frameworks designed to foster and promote their development and adoption, and aim to use CETA to step up efforts to promote trade and investment in sustainable goods and services.
- Intend to exchange views on respective policies, strategies and incentives to accelerate the development and production of technologies that support the move to net-zero and their associated supply chains (solar photovoltaic and solar thermal technologies, onshore wind and offshore renewable technologies, battery/storage technologies, heat pumps and geothermal energy technologies, hydrogen electrolyzers and fuel cells utilisation, sustainable biogas/biomethane, CCUS, including CDR technologies, grid technologies).
- Recognise the importance of developing secure, sustainable and resilient raw materials value chains for minerals and metals that are critical to achieving a climate-neutral and digital transition. They intend to continue cooperating in the framework of the 2021 Canada-EU Strategic Partnership on Raw Materials and intend to focus on the integration of Canada-EU raw materials value chains, enhance cooperation on science, technology and innovation as well as on environmental, social, and governance (ESG) criteria and standards.
- Building on the discussions of the World Trade Organisation (WTO) Committee on Government Procurement Agreement, intend to exchange good practices and promote a shared understanding on sustainability considerations in public procurement across jurisdictions.
- Intend to explore how they can improve collaboration in advancing low-carbon manufacturing, including of steel and aluminium, through bilateral and multilateral fora.

Research and Innovation

Both Partners:

- Building on the 1996 bilateral Science and Technology Cooperation Agreement and the work of the biennial Joint Science & Technology Coordinating Committee (JSTCC) meetings, intend to further enhance cooperation in research and innovation, notably on climate change, energy, environmental degradation and loss of biodiversity, agriculture resilience and/or food security, ocean sustainability and clean aviation.
- In this respect, recognise the potential and importance for increasing cooperation through

multilateral initiatives and the Horizon Europe Programme.

- [Welcome the conclusion of negotiations of Canada's association to Horizon Europe, which may greatly enhance opportunities for research and innovation cooperation.]
- Underscore the importance of developing and promoting shared principles of scientific integrity and research security for mutual collaboration, including through multilateral platforms such as the Multilateral Dialogue on Values and Principles for International Research and Innovation.
- Building on existing cooperation, acknowledge the importance of healthy soils as the foundation for sustainable food production, to halt and reverse the loss of biodiversity and to fight against climate change, and the potential for increasing research cooperation on soils and soil health.
- Acknowledge the importance of ensuring healthy and sustainably managed oceans, seas, and coasts. In this respect, they intend to cooperate on ocean science initiatives such as the All-Atlantic Ocean Research and Innovation Alliance and the EU Mission Restore our Ocean and Waters, in particular the Atlantic-Arctic 'lighthouse' on ecosystems protection and restoration and under the UN Decade of Ocean Science for Sustainable Development (2021-2030).
- Acknowledge the fruitful research and innovation cooperation in aviation, notably through participation of Canadian organisations in the EU's Framework Programmes, most recently Horizon Europe.
- Encourage the cooperation on green and smart cities which now can be better framed and coordinated via initiatives under the international dimension of the Climate-Neutral and Smart Cities Mission and the European Partnership on Driving Urban Transitions to a Sustainable Future (both under Horizon Europe) as well as the Urban Transitions Mission of Mission Innovation.
- Recognise the importance of considering and learning from the knowledge of Indigenous peoples to enhance shared commitments to research and innovation on climate change, biodiversity, and conservation.

Climate Finance, Sustainable Finance and Biodiversity Finance

Both Partners:

- Acknowledge the urgency of making finance flows consistent with the goals of the Paris Agreement and intend to cooperate on means to mobilise substantially more climate finance globally, scale up sustainable finance in low- and middle-income countries noting the importance of increased adaptation finance in these contexts, and channel adequate support in particular to the globally poorest and most vulnerable. In this context, they intend to work in international fora to accelerate the global mobilisation of private finance for climate mitigation and adaptation projects, climate-resilient infrastructure and other development activities and global public goods. In particular, they are supportive of efforts for the reform of Multilateral Development Banks' (MDBs) and International Finance Institutions' (IFIs) practices and priorities, including updating bank visions and operating models to better address the global climate emergency. These efforts include the recent completion of the MDB joint principles to ensure the alignment with the Paris Agreement, and the MDBs' vision statement released on the occasion of the Paris Summit for a New Global Financing Pact.
- Recall their commitment to promote sustainable finance to help investors identify and seize sustainable investment opportunities, including through taxonomies, sustainability-related disclosures, standards and labels, as well as innovative finance instruments.

- Reinforce their commitment to support the development of carbon pricing mechanisms to drive emissions reductions while enabling the shifting of financial flows towards climate-neutral, climate-resilient and sustainable investments.
- In this respect, they intend to continue playing a leading role in the UNFCCC Financial Mechanism, including by supporting an ambitious second replenishment of the Green Climate Fund, the UNFCCC Climate Technology Center and Network, the International Platform on Sustainable Finance (IPSF) and in other international fora such as the G7, G20, the annual UN SDG Summits and the Financial Stability Board.
- Recognise the significant role of public funds in supporting climate action and mobilising climate finance on a much larger scale and likewise of the public sector in providing the right set of domestic and international climate finance enablers in both contributor and recipient countries. In light of growing needs, underline the need to broaden the climate finance contributor base and to enhance the mobilisation of climate finance from a wide variety of sources including the private sector, instruments, and channels to promote transformative change through ambitious NDCs and LTSs. These actions are needed to keep the 1.5 °C temperature target within reach, and to increase our collective ability to adapt to the adverse effects of climate change and foster climate resilience.
- Intend to continue to work together to substantially and progressively increase the level of financial resources from all sources including from domestic, international and private sources to support international biodiversity objectives, in line with the goals and the targets of the KMGBF and seek to support implementation efforts of developing countries partners. Both partners intend to support the reform of MDBs and IFIs and their work to identify and report investments in their portfolio that contribute to achieving the goals and targets of the GBF. While jointly mobilising more finance for biodiversity, they aim to maximise co-benefits and synergies in addressing climate change and the biodiversity crisis, recognising that nature-based solutions can deliver mitigation, while offering significant benefits for adaptation.

Cooperation at Multilateral Level and Supporting the Climate-Neutral Transitions of Third Countries

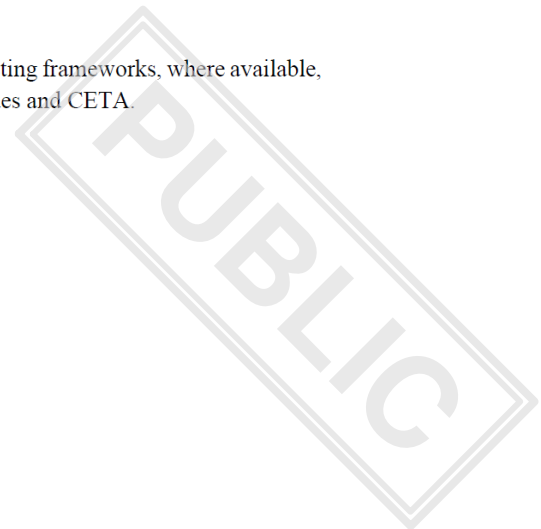
Both Partners:

- Intend to cooperate in multilateral fora and in promoting the implementation of multilateral initiatives, including but not limited to:
 - The United Nations Environment Assembly;
 - The United Nations Climate Change Process, including the governing bodies and the constituted bodies of the UNFCCC and the Paris Agreement, with a view to ensure a robust and successful implementation of the Paris Agreement;
 - The Convention on Biological Diversity;
 - The United Nations Convention to Combat Desertification;
 - The United Nations Economic Commission for Europe / WP29;
 - The Sendai Framework for Disaster Risk Reduction 2015-2030;
 - The Global Shield Against Climate Risks;
 - The Global Alliance for Circular Economy and Resource Efficiency;
 - The Global Methane Pledge;
 - The Global Forest Finance Pledge;
 - The Global Carbon Pricing Challenge;
 - The World Trade Organization;
 - The Organisation for Economic Co-operation and Development;
 - The Global Research Alliance on Greenhouse Gases;
 - The Agriculture Innovation Mission for Climate;
 - The International Civil Aviation Organisation; and
 - The International Maritime Organisation.

GOVERNANCE

Both Partners:

- Intend to undertake the Green Alliance cooperation using existing frameworks, where available, such as the Canada-EU SPA and related High-Level Dialogues and CETA.



Brussels, 30.10.2023
C(2023) 7481 final

ANNEX 2



ANNEX

to the

Commission Decision

on the establishment of the EU-Canada Green Alliance

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Background on the Global Carbon Pricing Challenge

Launched at the United Nations Framework Convention on Climate Change Conference of Parties 26 in Glasgow, Canada's Global Carbon Pricing Challenge (GCPC) seeks to increase explicit carbon pricing coverage of global emissions to 60% by 2030 as an important step toward advancing global carbon pricing and bringing emissions down under the Paris Agreement. The Challenge also creates a forum for dialogue and coordination to better understand policy design choices and to support other countries in adopting carbon pricing (with an emphasis on supporting developing countries).

Jurisdictions with carbon pricing systems assessed by the World Bank 'to be implemented' or 'scheduled for implementation' are invited to join GCPC as Partners. Becoming a Partner is voluntary and does not entail signing any agreements nor involve any obligations.

Partners to the GCPC are asked to:

- Commit to the collective goal of increasing explicit carbon pricing globally
- Offer to share technical support and lessons learned with jurisdictions looking to adopt and implement carbon pricing systems; and
- Identify opportunities to strengthen their own domestic pricing systems, and work to increase the coverage, effectiveness, and stringency of those systems over time

After joining the GCPC, the nature of Partners' participation is flexible, and could include:

- Sending representatives to the Technical Working Group, and/or the Advisory Committee
- Showcasing progress on carbon pricing at major international conferences
- Further outreach on carbon pricing through existing or new networks
- Sharing experience and technical expertise on carbon pricing through country-to-country partnerships to support countries implementing carbon pricing systems

These are types of activities that the EU is already spearheading or involved in and that the EU will continue regardless of its GCPC status.

The Commission intends to announce that the EU is becoming a GCPC Partner together with the EU-Canada Green Alliance at the Canada-EU Summit in Newfoundland in November 2023.