

February 8, 2024

Hon. Chrystia Freeland, Deputy Prime Minister of Canada and Minister of Finance
Department of Finance Canada, 90 Elgin Street, Ottawa, Ontario K1A 0G5

PRE-BUDGET CONSULTATION SUBMISSION TO FINANCE CANADA

Re: End federal funding for utility-scale forest biomass industry

RECOMMENDATION 1

- End all subsidies to the utility-scale wood pellet industry and redirect funding to Indigenous-led management, stewardship, or restoration projects and real climate solutions, such as energy efficiency programs and wind and solar power. For example, exclude the utility-scale wood pellet industry from [Investments in Forest Industry Transformation \(IFIT\)](#), [Forest Innovation Program](#), and the [Clean Fuels Fund](#).

RECOMMENDATION 2

- Fund value-added jobs that provide more substantial and stable economic opportunities locally than biomass, such as investing in long-lasting, lower impact practices like local, value-added milling from second- growth, and which align with Indigenous-led land use visions and management plans.

RECOMMENDATION 3

- Revise national carbon accounting methods, in line with recommendations from leading scientists, to transparently report logging emissions within Canada's National Greenhouse Gas Inventory. This is essential to inform the true economic impacts of the forest industry on climate change and to accurately understand the full emissions impact of burning wood pellets sourced from forests in Canada for fuel.

CONTEXT

In the Government of Canada's November 2023 Fall Economic Statement, Stand.earth was alarmed to see forest biomass propped up as a source of "clean" energy. Even more alarming, government officials and wood pellet industry groups continue to [signal](#) that Canada is interested in growing the forest biomass sector as part of its energy strategy. This despite the [devastating impacts](#) that the global forest biomass industry has had

around the world, and dire warnings from environmental scientists and [climate advocates across Canada](#).

When burned for energy, forest biomass generates [more carbon emissions at the smokestack than coal](#), [degrades critical, high-carbon forests in Canada](#), and [emits pollutants](#) that harm the health of communities living near pellet plants.

The forest biomass export industry already depends on millions of dollars in public subsidies from [Canadian](#) and foreign government bodies to fund their operations. Federal subsidies for utility-scale biomass energy risk locking us into a highly polluting, highly destructive sector that has been largely mislabelled as a renewable or carbon neutral energy, when it is actually a dangerous distraction from meaningful climate action. Such subsidies are also directly at odds with the federal government's commitment to phase-out [subsidies that harm biodiversity](#) and to halt and reverse nature loss.

Many forest workers and communities have been clear that wood pellet plants have negative consequences for both forest ecosystems and forest industry employment, calling on the Monopoly Commission to investigate, since international energy giant [Drax has monopolized](#) much of the wood pellet production in western Canada. Recently, Drax [failed to submit a report](#) on pollutant emissions at its pellet plant in High Level, Alberta to Environment and Climate Change Canada. Investigative [reports, documentaries](#) and [shareholder reports](#) all confirm that companies are increasingly turning to [logging whole trees and primary forests to supply pellet plants](#).

At COP28 in December 2023, civil society groups from 59 countries called for big biomass to be [excluded from renewable energy targets](#), noting that burning biomass is as emissive as coal per unit of energy produced and that utility-scale forest biomass industry drives forest degradation and subjects communities to harmful pollution, land grabbing, and environmental destruction. This while scientists continue to underscore the need to revise global carbon accounting mechanisms. In a [2022 scholarly study](#) featured in *Carbon Management*, Tinus Pulles, Michael Gillenwater, and Klaus Radunsky explain that “biomass combustion may no longer be negligible compared with fossil fuel combustion as biogenic fuels are increasingly traded internationally.”

As the Ministry of Finance prepares the next federal budget, we urge officials to consider recent developments in the United Kingdom, where a January 2024 investigation by the National Audit Office revealed the government cannot prove that forest biomass is [sustainably sourced](#). The United Kingdom has staked its sustainable energy future on a highly-polluting industry. For a positive path forward, Canada should look to Australia, where

in 2022, the government reversed course and declared burning woody biomass is [not classified as renewable energy](#).

The scale of action needed to address the crises we are facing – from mitigating the impacts of climate change and industrial forestry, which have contributed to [larger](#) more [intense](#) fires and [floods](#), to ensuring a stable, abundant future for forest communities and workers – requires the Government of Canada to reject forest biomass and instead take meaningful action to support an economy that will align with a climate-safe future.

We respectfully submit the above recommendations for the upcoming federal budget. Given the Ministry of Finance's commitment to engage with a wide range of stakeholders to inform budgetary planning, we hope our urgent concerns are given due consideration.

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