

Canada's Next Net-Zero Milestone:

The 2035 Emissions
Reduction Target



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Ministerial Foreword

Climate change is one of the most pressing global challenges that we and future generations face. This year, we all watched with dismay as parts of Jasper burned, echoing what we have seen before in Lytton, British Columbia; Fort McMurray, Alberta and Halifax, Nova Scotia. Canadians across the country have experienced heat waves, droughts and floods, reminding us that climate change is real and present in our day-to-day lives.

I became a climate advocate because I have long feared the increasingly dire costs of climate change. But in the past decade, I have also witnessed how smart climate policies make life more affordable and help economies prosper. Thriving economies do not happen by accident. They require a combination of government policy and programs, market mechanisms, private sector investment and the determination of citizens.

I know, and most Canadians know, that building today’s clean economy is a heroic effort that requires true Canadian grit. Fortunately, this is something we have in abundance from British Columbia to Newfoundland to Nunavut and everywhere in between.

To reach our goal of a clean economy by 2050, we need both a climate plan and a jobs plan to capitalize on domestic and international investments and ensure no one is left behind. This vision is what the Government of Canada presented in the 2030 Emissions Reduction Plan and the Sustainable Jobs Plan—two strategies that go hand in hand to guide us to a prosperous, safe, secure and resilient future.

Paramount to this journey is having clear targets that we can strive for and measure our progress against. These definitive objectives send market signals that Canada is open for business and is ready to receive foreign investment, to guide domestic investment and to spur economic growth, leading to good paying, middle-class jobs. It also allows us to track our progress and course correct where necessary. A clean economy is good for all of us, but only if we walk the path together and share the economic opportunities, especially with the most vulnerable and marginalized members of our communities.

That's the vision behind Canada's 2035 emissions reduction target. This carefully selected and achievable goal balances our need to drive green innovation while being responsive to our unique trade exposed and natural resource dependent economy. It also takes into account the concerns of Canadians around affordability. With increasing global political uncertainty, we need to ensure we can withstand unforeseen obstacles while making Canada a safe, stable and appealing place for investment.

Canadians have done so much work to get us to where we are today. With every switch to an electric chain saw or leaf blower and every purchase of a heat pump or EV, Canadians are taking steps to reduce emissions. And it IS making a difference, but now is not the time to let up.

2050 is not a distant future, it's approaching quickly. We must take measured action today to ensure a healthy and prosperous tomorrow. The new 2035 target will guide our climate action over the next decade while helping us take advantage of every economic opportunity. If we stay the course, we can leave behind a clean planet and a strong economy for our children and grandchildren.

*The Honourable Steven Guilbeault
Minister of Environment and Climate Change*

Introduction

Human-caused climate change is already causing widespread and substantial risks to the safety of people, communities and the economy. Canadians have witnessed the wildfires that destroyed part of Jasper, Alberta in 2024; parts of Shelburne and Halifax, Nova Scotia in 2023 and all of Lytton, British Columbia in 2021. Montreal, Toronto and Halifax have all experienced devastating floods in the past two years. Farmers are experiencing drought¹ and people living in the North are being confronted with melting of the permafrost on which

¹ [National Agroclimate Risk Report - agriculture.canada.ca](https://agriculture.canada.ca/national-agroclimate-risk-report); [Drought and Agriculture — ClimateData.ca](https://climate.data.ca/drought-and-agriculture)

their homes and roads are built.² Homeowners and businesses are facing increased costs associated with preparing for or cleaning up from climate impacts. Insured losses related to severe weather in Canada now routinely exceed \$3 billion annually and have already set a record this year, reaching over \$7.7 billion.³

The impacts of rising global temperatures will continue to have significant local, national and international economic consequences, increasing costs for Canadians. Estimates suggest that economic losses in Canada could reach up to \$25 billion in 2025 relative to a stable-climate scenario, representing half of projected GDP growth.⁴ Costs are expected to continue to compound over the years, rising to roughly 6% of Canada's GDP by the end of the century.⁵ This figure does not account for all the costs of climate change, such as the loss of human life, diminishment of biodiversity and natural beauty or seasonal changes that threaten cultural practices and recreational activities.

On a global scale, each 1°C increase in temperature could lead to a 12% decline in world GDP.⁶ While the Intergovernmental Panel on Climate Change (IPCC) has stated that global emissions must be reduced by 60% below 2019 levels by 2035 to avoid exceeding 1.5° C temperature change above pre-industrial levels,⁷ and some developed countries are rising to that challenge with equivalent or higher national targets, Canada's next decade of climate ambition will be tailored to fit our economy and the needs of Canadians. As one of the top ten highest-emitting jurisdictions in the world, despite ranking 37th in population size, Canada has a responsibility to contribute to international efforts to limit global temperature rise, reduce its own emissions and work with others to achieve the goals of the Paris Agreement. However, Canada's economy is unique, characterized by a small population covering a large geographic area and supported by a significant level of exports. In support of efforts to reduce its emissions, Canada needs to ensure that its climate action aligns with the development of global carbon markets and new technologies that will underpin the transition to a strong, green economy.

Canada's plan to reduce emissions while growing a strong economy is working. In 2015, Canada was trending to exceed 2005 emissions levels by 9% in 2030.⁸ Since then, Canada has successfully bent the emissions curve. Canada's domestic efforts are also contributing

² [The Impacts of Permafrost Thaw on Northern Indigenous Communities | Canadian Climate Institute; Permafrost in the Northwest Territories — ClimateData.ca; Permafrost thaw brings major problems to Canada's Northern Arctic communities](#)

³ [Insured damage from October storms in Southern BC surpass \\$110 million](#)

⁴ [climateinstitute.ca/wp-content/uploads/2022/09/Damage-Control_-EN_0927.pdf](#)

⁵ Ibid.

⁶ [The Macroeconomic Impact of Climate Change: Global vs. Local Temperature | NBER](#)

⁷ [IPCC_AR6_SYR_SPM.pdf](#)

⁸ [2023 Progress Report on the 2030 Emissions Reduction Plan: Table of contents - Canada.ca](#)

to global progress. The IPCC notes that global temperatures are on track to increase by 2.7°C by 2040 or sooner.⁹ While this is still too high, global emissions are rising slower than they were in the past and some estimates suggest that CO₂ emissions may peak by 2025.¹⁰

Well-paying jobs in emerging sectors, increased investment in Canadian clean energy projects, improved household energy security, reduced impacts on biodiversity, better air quality, improved physical and mental health outcomes, more resilient infrastructure and better urban connectivity are just some of the co-benefits that Canada can achieve through sustained and thoughtful climate action.

With this in mind, Canada is pleased to announce its 2035 GHG emissions reduction target of 45-50% below 2005 levels. The 2035 target is a progression beyond the 2030 target and is also realistic about Canada's national circumstances. It will guide the next decade of climate action, which will continue to address emissions reductions, competitiveness, affordability and economic stability. The 2035 target represents a milestone in Canada's continued commitment to net-zero by 2050 and acknowledges that significant costs can be avoided if Canada and other countries act quickly to reduce their emissions.

Why is the 2035 target being set in 2024?

Canada's pathway to net-zero by 2050 and contribution to global emissions reduction are anchored by two legally binding commitments. The Paris Agreement, ratified by 194 countries, requires Canada and other Parties to set progressively more ambitious domestic climate targets known as Nationally Determined Contributions (NDCs), contributing to efforts to limit global temperature increase to well below 2°C above pre-industrial levels and pursue efforts to limit it to 1.5°C. Domestically, the *Canadian Net-Zero Emissions Accountability Act* (CNZEAA) requires the Government to set five-year national emissions reduction targets, ten years in advance, along the path to achieving net-zero emissions by 2050. Therefore, the target must be set before 2025.

The target of 45-50% below 2005 levels by 2035 was informed by many considerations. These include those set out in the CNZEAA, which require the Government of Canada to take into account:

- the best scientific information available;
- Indigenous Knowledge;
- Canada's international commitments related to climate change; and

⁹ [Top Findings from the IPCC Climate Change Report 2023 | World Resources Institute](#)

¹⁰ [When-will-global-greenhouse-gas-emissions-peak.pdf; Peak energy emissions is here — but the work is not yet over | World Economic Forum](#)

- advice from the Net-Zero Advisory Body (NZAB).

The Government also sought submissions from provinces and territories; First Nations, Inuit and Métis governments and representative organizations; key stakeholders and Canadians. Around 11,000 participants shared their views through the [online public engagement portal](#) launched in Spring 2024, and the Government received over 23,000 comments and 100 written submissions. Analysis by the Canadian Climate Institute also informed this decision.

In 2025, Canada will submit its NDC to the United Nations. This will include a high-level description of the key measures the Government of Canada intends to take to meet the target and the latest projections of Canada’s annual greenhouse gas emissions, as required by the CNZEAA. It will also include information required to strengthen the transparency and clarity of NDCs under the Paris Agreement. In this document, the Government of Canada will provide more information on how it met legislative requirements and what was heard during engagement with partners, stakeholders and Canadians.

Climate targets are only effective if they are backed by credible plans. Canada is implementing the [2030 Emissions Reduction Plan \(ERP\)](#)—a comprehensive plan to reduce emissions, strengthen Canada’s economy, and support household affordability. Continued implementation of the 2030 ERP will contribute to emissions reductions in 2035 and beyond. In 2025 and 2027, the Government of Canada will publish two progress reports on the implementation of the 2030 ERP. These reports may highlight additional actions that could help Canada achieve its 2030 target and establish the conditions for success beyond 2030.

The CNZEAA requires Canada to publish a 2035 ERP to describe the measures it will take to achieve the 2035 target. To inform this 2035 ERP, the Government of Canada will launch engagement with partners, stakeholders and Canadians to explore what is required to meet the 2035 target and seize economic opportunities as Canada moves towards net-zero by 2050.

How can the 2035 target benefit workers and the economy?

Beyond the legislative and international imperative to address climate change, Canada’s actions to reduce emissions are creating opportunities to seize the benefits offered by the global transition to net-zero emissions. Tomorrow’s economy will be less emissions-intensive than it is today. Over 140 countries representing almost 90% of global emissions¹¹

¹¹ [Net Zero Coalition | United Nations](#)

have committed to or are considering net-zero targets. This includes some of the world's biggest polluters and most powerful economies, including China, the United States and the European Union.¹²

The International Energy Agency (IEA) has noted that reaching net-zero emissions by 2050 will require annual clean energy investments worldwide to triple by 2030 to about USD \$4 trillion. In its 2024 World Energy Outlook, the IEA reported that clean energy is entering the global energy system at an unprecedented rate, with global investment in clean energy projects approaching USD \$2 trillion each year—almost double the combined amount spent on new oil, gas and coal supply. Canada can incentivize the mobilization of private investment in the economy by sending clear signals, like the 2035 target, to the global market about its commitment to decarbonization.

Calibrating the pace of Canada's path to net-zero is paramount because Canada's economy is unique compared to those of other countries. Thirty-five percent of Canada's goods exports come from emissions-intensive and trade-exposed sectors, which are often the hardest sectors to decarbonize without having significant economic and competitiveness impacts.¹³ Canada is also one of only two countries in the Organization for Economic Co-operation and Development (OECD) that exports more GHGs than it imports, with up to 40% of domestic emissions being driven by foreign demand—approximately three times as much as the U.S.¹⁴ That is why, as peer countries set 2035 targets that could be higher, Canada has selected a target tailored to its domestic trajectory to net-zero by 2050 that also meets the unique needs of its changing economy. Being able to reduce emissions while maintaining a strong economy is vital to a successful shift to a net-zero future that leaves no one behind.

Efforts to date demonstrate that emissions reductions and economic prosperity can go hand-in-hand. In Canada, domestic investment in clean energy technology research and development has increased over the past five years. Export of environmental and clean technology products reached \$20.9 billion in 2022—a 2.3% increase from 2021.¹⁵ Canada is supporting the deployment of non-emitting energy technologies across the country through a variety of programs, such as the Smart Renewables and Electrification Pathways Program, which in turn spurs economic opportunities.

Increasing ambition toward a low-carbon economy also creates significant opportunities for workers. The Royal Bank of Canada estimates that building a net-zero emissions

¹² [Ibid.](#)

¹³ [C3 Assessment of Carbon Competitiveness.pdf](#)

¹⁴ [Greenhouse gas footprint indicators | OECD](#)

¹⁵ [GDP and trade](#)

economy could create between 235,000 and 400,000 new jobs in Canada by the end of this decade alone.¹⁶ According to labour market data from 2022, there were over 327,000 jobs in the environmental and clean technology products sector in 2021, up 10.4% from 2020.¹⁷ As Canada works to achieve its 2035 target, all levels of government will need to ensure Canadians have the tools and supports they need to thrive in a green economy. The *Canadian Sustainable Jobs Act*, which became law in June 2024, sets out a framework to guide the Government of Canada's efforts. It requires the first Sustainable Jobs Action Plan to be released by the end of 2025. That plan will build on commitments in the Government of Canada's [2023 interim Sustainable Jobs Plan](#).

Other related strategies, such as the [Critical Minerals Strategy](#), [Methane Strategy](#), [Carbon Management Strategy](#) and Clean Electricity Strategy, set to be released before the end of 2024, will reinforce and co-ordinate Canada's decarbonization efforts across the economy. As Canada implements these strategies and works to meet the 2035 target, it will strive to make best use of natural resources; expand clean, reliable and affordable energy for households; and develop and scale the technology needed to achieve a green economy by mid-century.

What does the 2035 target mean for the next decade of climate action?

Implementing domestic policies

Canada has established a robust framework of climate measures that are working to reduce GHG emissions, create economic opportunities and spur innovation. Carbon pricing is working to factor the cost of carbon pollution into the economy. This approach spurs the creation of greener and more sustainable options within Canadian markets, while helping businesses and Canadians factor the impact or cost of pollution on the environment and economy into their day-to-day decisions. Where the federal system applies, the majority of Canadian households get more money back than they spend through the Canada Carbon Rebate. Core regulations, like the Clean Fuel Regulations, proposed Clean Electricity Regulations and Electric Vehicle Availability Standard, are driving sectoral transformation. Incentives, such as vehicle purchase incentives, the suite of Clean Economy Investment Tax Credits and the Canada Greener Homes Initiative, help businesses and households adopt clean technologies that can have higher upfront costs but lead to cost-savings over time. Harnessing the power of wetlands, grasslands, coastlines and forests through programs like the Nature Smart Climate Solutions Fund and Indigenous Guardians Initiative helps to address climate change while also advancing

¹⁶ [Green Collar Jobs: The skills revolution Canada needs to reach Net Zero](#), 2022.

¹⁷ [The Daily — Environmental and Clean Technology Products Economic Account, 2022](#)

resilience and biodiversity goals. Supporting the financial sector to become more sustainable by developing sustainable investment guidelines and issuing Canada Green Bonds, among other initiatives, is helping encourage move private investment in the direction of net-zero.

Supporting international mitigation action

Co-ordinated global action is essential to reduce competitiveness and carbon leakage risks and to unlock deeper emissions reduction potential. Several countries are exploring trade-related instruments to support continued fairness and competitiveness in a net-zero world. For example, the U.K. and E.U. are implementing Border Carbon Adjustment (BCA) mechanisms to mitigate the carbon leakage and competitiveness risks associated with unilateral mitigation policies. Internationally Transferred Mitigation Outcomes (ITMOs) is another tool under the Paris Agreement that aims to allow for higher global ambition and that other countries are using to meet their climate targets. Going forward, Canada will explore these and other similar options to strengthen international cooperation and generate incentives for further emission reductions.

Canada will continue to advance international climate change initiatives, such as the [Powering Past Coal Alliance](#), which strives for the rapid phase-out of unabated coal power worldwide, and the [Global Methane Pledge](#),

which aims to reduce global methane emissions by at least 30% from 2020 levels by 2030 . The [Global Carbon Pollution Pricing Challenge](#), launched by Canada at COP26, is another example. This initiative has a collective goal of covering 60% of global emissions with carbon pricing by 2030. The continued provision of climate finance to developing countries, many of whom disproportionately bear the impacts of climate change despite contributing fewer emissions, will also continue to be essential and allow Canada to contribute to global emission reductions. Success in 2035 will depend on advancing domestic and international measures and strategies to strengthen Canadian leadership in the transition to net-zero emissions while supporting, and remaining economically competitive with, other countries.

Carbon leakage occurs when carbon costs in one country cause companies or investors to move production to a different country with lower costs and more lenient climate policies. Carbon leakage can occur when a company or industry faces carbon costs that cannot be fully reflected in the price of their products or services due to trade exposure and competitiveness risks. The result is that global emissions are not reduced; they are just emitted in a different location. Canada's climate policies are designed to prevent carbon leakage.

Collaboration and exploring new areas of potential

Canada's ability to achieve the 2035 target and continue along the path to net-zero emissions by 2050 will require whole-of-society collaboration. Provincial, territorial and municipal governments; Indigenous Peoples; the private sector and individual Canadians all have different resources and spheres of influence that are needed to advance the transition to a green economy. Every contribution matters. For example:

- Provinces, territories and many municipalities are working toward their own mitigation goals. These governments can also increase Canadians' ability to participate in the transition by making low or zero emitting options, such as heat pumps, zero-emissions vehicles and public transportation, more readily available and affordable.
- Indigenous Peoples have deep knowledge and understanding of climate change impacts, responses and solutions. The territorial stewardship of First Nations, Inuit and Métis communities and lands, the exercise of constitutionally protected Aboriginal and Treaty Rights and the participation in co-management regimes for natural resources and major infrastructure projects all position Indigenous Peoples as indispensable and influential contributors to climate policy and action.
- Businesses, banks, institutional investors, venture capital firms and others have considerable influence over Canada's path to a green economy. Their investment decisions directly shape the pace and scale of clean technology uptake throughout the economy, and efforts to align their own operations with net-zero can have far-reaching benefits, including job creation, skills development, cost savings, innovation and improved competitiveness.
- Civil society organizations and individual Canadians also have important roles to play through their daily behaviour, including holding governments and businesses accountable for their climate commitments, raising awareness of relevant considerations and increasing the social acceptability of climate solutions.

Working with a diversity of partners and stakeholders to identify and implement the conditions of success to meet the 2035 target and net-zero by 2050 will be a key priority going forward. As it works toward developing the 2035 ERP, the Government of Canada will engage partners, stakeholders and Canadians to explore net-zero aligned opportunities and tools that will support emissions reductions and economic prosperity in a net-zero world.

In the near term, Canada will seek feedback on how to help companies take advantage of the economic opportunities that come with building a clean economy. This will include engaging with a broad range of stakeholders to examine the role that technologies that permanently remove carbon dioxide can play in this transition. In doing so, Canada will signal the importance of this suite of emerging technologies and explore the benefits and challenges associated with them, including how to most effectively leverage their economic potential.

What's next?

As the Government works to meet the 2035 target, advance economic prosperity and continue on the path to net-zero by 2050, collaboration with all members of society—provinces, territories and municipalities; Indigenous Peoples; the private sector; international partners; non-profits; communities and individuals—will continue to be a top priority. Achieving Canada's 2035 target and a prosperous green economy is, and will continue to be, a collective endeavor. Every contribution, both within our borders and beyond, will be important to meeting this goal. The 2035 target is an opportunity to orient the next decade of climate action and reinforces Canada's steadfast commitment to reducing carbon pollution.