



FERTILIZER CANADA

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Via email: [prairiescan.bge.dev@prairiescan.gc.ca](mailto:prairiescan.bge.dev@prairiescan.gc.ca)

**Re: The *Building a Green Prairie Economy Act*: Discussion paper and engagement questions**

On behalf of our member companies, Fertilizer Canada would like to thank you for this opportunity to provide input into The *Building a Green Prairie Economy Act*: Discussion paper and engagement questions. Canada's Prairie economy is an essential building block on which the foundation of Canada's fertilizer mining and production economy is built.

Fertilizer Canada represents manufacturers, wholesalers, and retail distributors of nitrogen, phosphate, potash, and sulphur fertilizers – the backbone of Canada's agri-food economy. Fertilizer is responsible for half of the world's current food production, and our industry is a major contributor to this global supply, supporting food security in Canada and around the world. We also contribute approximately \$24 billion annually to Canada's economic activity. Our industry has facilities across Canada supporting the employment of over 76,000 individuals throughout the supply chain.

Canadian fertilizer manufacturers produce about 33 million tonnes of nitrogen, potash, and sulphur fertilizers annually in some of the most technologically advanced, energy efficient, and safe facilities in the world. As proactive environmental stewards, our member companies have made tremendous progress to date, with Canadian potash producing 50 per cent fewer emissions in comparison to its global competitors. Our facilities in Canada are more advanced and efficient in comparison to our global competitors and, as price takers in a global market, we are unable to pass down increased costs to our grower customers.

**1. *As the world pivots to a greener economy, what are the opportunities for growth that matter most for your community and the Prairies?***

Fertilizer Canada and our member companies are committed to high standards for environmental sustainability. As part of this commitment, we have proactively conducted a Low-Carbon Technology Scan for the Canadian fertilizer industry which explains current manufacturing processes, evaluates new or emerging technologies against their emission reduction potential, commercial scalability, economic viability, and regional considerations, and provides technology and policy recommendations based on this evaluation. Additionally, with financial support from Natural Resources Canada, we have expanded this work to complete a Low-Carbon Technology Roadmap with competitiveness study and nitrogen emission benchmarking.

Our industry has identified Carbon Capture, Utilization and Storage (CCUS) and co-generation of electricity as two important low-carbon technologies for the fertilizer



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industry in Canada. Government support is needed to implement the infrastructure required for industry to pursue CCUS on a wide scale. Development of more significant electrical infrastructure is also needed, which would unlock the potential for large scale electrification in the fertilizer industry. Government-built and industry accessible carbon trunk lines near large facilities that could benefit from CCUS, as well as regionally focused low-cost CCUS infrastructure, are steps that would enable widespread adoption. Government investment is needed so that a wider array of competitors can participate in CCUS without fear of free-riding or first-mover advantages. To date, the limited amount of CCUS infrastructure in Canada has been driven by industry. However, CCUS infrastructure, as well as the necessary infrastructure for other emissions-reducing technologies like clean electricity, must be seen as a public good and a public investment in our collective effort to lower emissions and improve environmental performance. Government has a significant role to play in making CCUS accessible to all industries and companies, which would allow widespread adoption of CCUS and significant reduction in emissions.

Fertilizer Canada also recommends the Government of Canada work with industry and other stakeholders to identify locations and facilities best suited for CCUS and align the relevant government departments, such as Canada's Infrastructure Bank, to fast-track construction of the necessary infrastructure that would encourage widespread adoption of CCUS.

Additionally, there is great potential for prairie farmers to continue to sustainably grow the crop sector through uptake of 4R Nutrient Stewardship Principles. These principles help farms better manage the placement, timing, source and application rate of fertilizers to reduce emissions and nutrient loss while increasing cost savings through efficient input use. Verification of these practices is offered by our member retailers through the 4R Certification Program, which has had great impact in mitigating nutrient runoff largely in Ontario. The Green Economy Act offers a unique opportunity for Government to work with our sector to build the business case to expand 4R Certification from Ontario into the prairie provinces. This includes provincial support for economic opportunities that increase demand for verified 4R practices, such as the development of nitrogen management protocols under Canada's Greenhouse Gas Offset System and collaborating with companies who wish to source sustainably produced food from prairie farms.



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**2. *Other countries are actively pursuing the economic opportunities and benefits created by the shift to a greener economy. To stay competitive as a region, what actions are needed now to seize the opportunities that you see for the Prairies?***

Improvements to national transportation networks including rail systems and ports must also be made in order to facilitate expansion of decarbonization technologies. Demand for Canadian products is high due to Canada's strong ESG profile and high-quality mineral deposits, but without the required trade-enabling infrastructure improvements Canada won't be able to reach environmental and economic goals.

To further reduce emissions and secure low-carbon investments at our Canadian facilities and mines, our EITE industry needs safeguards against global competitiveness impacts. Without sufficient safeguards, Canadian made potash and nitrogen would likely be replaced by products produced by nations with lower environmental standards, resulting in unintended carbon leakage and greater global emissions. It is important, however, to ensure that these safeguards do not unintentionally constrain the movement of fertilizer as a global product, but help promote Canadian made potash and nitrogen. This, understandably so, is a difficult line to walk, and Fertilizer Canada is always ready and eager to share industry expertise through collaboration opportunities with government at all levels to make sure the Canadian industry thrives moving forward. Our industry is committed to helping Canada reach its environmental goals. With the proper supports and policies in place from both provincial and federal governments, our industry can meet its goal of increasing both environmental sustainability and fertilizer production.

In addition to environmental regulatory alignment and certainty, competitive funding streams are needed to attract investments in project development across the potash sector in Canada. There is an opportunity for the Strategic Innovation Fund (SIF) to further define short, medium, and long-term project classes which could allow for a more efficient allocation of funds based on project timelines. Short-term projects may not require large investments or options to extend funding to complete scopes of work, however, longer term, large industrial projects stand to benefit from such flexibilities. Providing funding based on cost benefit analysis that consider specific project timelines, economic potential, and environmental impact could also help streamline the regulatory process. Dynamic project funding could also prove important in maintaining project efficiency. For example, as geopolitical landscapes change, more emphasis should be placed on the streamlining of fertilizer industry R&D and innovative solutions to support an industry with increasing global competitiveness pressures.



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**3. Building a greener economy will require collective effort and leadership. How can the Government of Canada collaborate better with other governments, industry, and Prairie Canadians on the opportunities you have identified? We would like to hear examples of strong partnerships and lessons learned.**

Collaboration between the Canadian government, industry, government bodies, and citizens is crucial for effectively decarbonizing the fertilizer sector. Here are some strategies the government of Canada can employ to enhance collaboration:

- **Provide Incentives and Funding:** The government should continue financial incentives, grants, and research funding to support innovative projects and initiatives aimed at decarbonizing the fertilizer sector. This can stimulate industry participation and encourage collaborative efforts between different stakeholders. Grants and funding should, moving forward and retroactively, be made available to not just innovative projects and initiatives, but also to existing programs like Fertilizer Canada's 4R program at farmer level or implementation of emission reduction projects at existing facilities. A lot of the funding available currently is directed toward new facilities and infrastructure only. For some of the new technology that has a smaller CO<sub>2</sub> emissions profile, the scale of fertilizer production is not at the same scale, so it is important to also direct some of the existing funding to focus on existing sources CO<sub>2</sub> emission reduction project or investing in infrastructure that would lower the costs for CO<sub>2</sub> emission reductions (e.g. CO<sub>2</sub> trunklines, CO<sub>2</sub> sequestration fields, etc.). The recently published CCUS Investment Tax Credit (ITC) and Clean Hydrogen ITC are examples of positive government efforts intended to incentivise decarbonization, but the release of more details and continued consultation on these incentive programs is necessary to ensure smooth and effective implementation. Both these new incentives and future incentives and funding opportunities must be built with the intention of decarbonizing industry while maintaining global competitiveness. Without the introduction of decarbonization programs that are competitive with international credit systems such as the U.S. Inflation Reduction Act (IRA), Canadian industry risks losing opportunities for international investment which can be used towards decarbonization opportunities.
- **Monitor and Evaluate Progress:** Establish clear and accurate metrics and benchmarks to measure the progress of decarbonization efforts in the fertilizer sector. Government should not hesitate to assess the effectiveness of collaborative initiatives and adjust strategies accordingly. Implementing policy without offering dynamic solutions to issues that can emerge later in the operation/reporting process can set back and stunt industry production and the decarbonization timeline.
- **Support Education and Awareness:** Promote public awareness campaigns and educational initiatives to inform citizens about the importance of food security and industry's role in sector decarbonizing.



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- **Establish a Multi-Stakeholder Platform:** Create a dedicated platform that brings together representatives from the government, fertilizer industry, research institutions, environmental organizations, and citizens. This platform can serve as a forum for open dialogue, information sharing, and collaborative decision-making on decarbonization initiatives.
- **Promote Knowledge Exchange:** Encourage the sharing of research, best practices, and technological advancements related to decarbonizing the fertilizer sector. This can be done through conferences, workshops, webinars, and online portals, ensuring that industry players, government bodies, and citizens have access to relevant information. Government must also remain mindful in these situation of confidentiality requirements.
- **Engage in Policy Co-Creation:** Building off of providing incentives and funding opportunities, Government must continue to involve industry representatives, experts, and citizens in the policy development process. Seek their input, feedback, and expertise to ensure that policies and regulations align with the goals and needs of all stakeholders involved.
- **Foster Public-Private Partnerships:** Encourage partnerships between the government and fertilizer industry to jointly invest in research, development, and deployment of low-carbon technologies and practices. These partnerships can help leverage resources, share risks, and accelerate the adoption of sustainable solutions. One example of this strategy is the recently partnership between Fertilizer Canada and NRCan to fund and create a Nitrogen Benchmarking study and a Technology Roadmap study report to research benchmarks and expand on next steps for decarbonization technology opportunities in the Fertilizer industry.

By implementing these strategies, the government of Canada can facilitate effective collaboration with industry, government bodies, and citizens, enabling them to work together towards decarbonizing the fertilizer sector more efficiently and achieving national climate goals.

**4. *Economic growth that works for everyone is a goal we all aspire to. What steps can we take to include the economic participation of under-represented groups and communities across our region? For example, how do we ensure opportunities for Indigenous peoples and rural communities?***

Canada is in the midst of mending, and forging newer, stronger, and more honest relationships with stakeholders throughout the country. It is critical that industry and government begin engaging all stakeholders and rightsholders in the environmental arena and in the affected geographic areas immediately at the project inception stage, and not only at the project selling/implementation stage. This is critical in ensuring inclusion and a thorough scan of regulatory and infrastructure hurdles that exist and affect indigenous nations, local municipalities, and environmental groups. Oversight in



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this area can result in further fractured relationships, and significant transportation/technology implementation delays.

Indigenous governments and organizations can undoubtedly help and participate in the value chain through knowledge sharing. Opportunities for employment, collaboration, and consultation should be made available through government programs/funding opportunities designed for various stages of the value chain. Hiring indigenous organizations, nations, and individuals offers insight into local and historical knowledge that non-indigenous population may not know about or may overlook. Fertilizer Canada recommends governing bodies seek longer-term agreements with indigenous Nations surrounding areas of prominent critical mineral exploration, fertilizer decarbonization, etc. (e.g., > 10 years) that sets a clear framework for the future of fertilizer production.

**5. *What does success look like for you as we work together to build a greener Prairie economy?***

Success in the long term includes building on opportunities for leveraging investment in the fertilizer industry into more diverse skills training, employment, and regional outcomes, and includes more direct funding for industry R&D. A significant area of ensuring long term success in building a greener Prairie economy is the continued and accelerated development of Prairie and Canadian infrastructure needed to support low carbon production and transportation of fertilizer products. Industrial R&D opportunities exist in areas such as CCUS and cogeneration which could afford industry with more employment opportunities and greater regional outcomes. Additionally, long term fertilizer education programs (on topics such as CCUS, critical minerals, and hydrogen production) for youth and indigenous people across Canada could fuel more diverse knowledge outcomes and greater local employment opportunities for youth, specifically indigenous youth, moving forward.

In the short term, Fertilizer Canada supports the continued implementation of more decarbonization incentives, policies, and credit systems put in place to encourage the process of decarbonization research and development, maintain competitiveness, and continue commitments to environmental stewardship coast to coast.

Sincerely,

Nadine Frost  
Senior Director, Policy and Scientific Affairs