

ALBERTA'S \$17-BILLION CHEMISTRY AND PLASTICS SECTOR

Second largest manufacturing industry in Alberta

Largest value-added industry in Alberta

Employees **12,000** Albertans

Provides important inputs to **key manufacturing sectors** such as oil and gas, forest products, construction, food and beverage

POISED TO INVEST \$22 BILLION

Planned investments in Alberta's chemistry sector in the next decade total \$22 Billion. The transition to a circular economy for plastics and the move to **net zero carbon emissions** pose a major investment opportunity for Alberta. The province has several key advantages: **abundant, low-cost feedstock**, an **investment attraction** program for the chemistry sector, a **skilled labour force** and existing cluster **infrastructure**.

The provincial government has made progress implementing policies to ensure it capitalizes on its advantages. But more can be done to ensure planned investments become final decisions and future investment opportunities are not lost.

RECOMMENDATION 1: GOVERNMENT SUPPORT FOR DECARBONIZING THE CHEMISTRY INDUSTRY

Investment supports provided by the provincial government over the past decade have been one of the driving forces behind investors choosing Alberta as a destination for new chemistry investments.

However, all levels of government must recognize that chemistry is an emission intense and trade-exposed industry and an increase in costs due to carbon reduction policies and regulations impact the competitiveness of existing facilities and the ability to attract new, low-carbon investments.

CIAC RECOMMENDS:

- Expand eligibility of the Alberta Petrochemical Incentive Program (APIP) to the deployment of carbon reducing technology, such as carbon capture and sequestration equipment, on existing facilities.
- Designate a portion of proceeds from the Technology Innovation and Emissions Reduction (TIER) fund to go directly back to individual companies for decarbonization projects, providing an alternative mechanism that would efficiently support reductions in the province through new investment.
- Reform funding programs provided through Emissions Reduction Alberta ensuring project eligibility is transparent and predictable. Decisions made on the allocation of funds should be predictable and objective.

To learn more, visit: canadianchemistry.ca

RECOMMENDATION 2: CAPACITY AND CONFIDENCE IN TRANSPORTATION NETWORKS

Fully 75 per cent of Alberta's chemistry sector outputs are for export. Reliable transportation is a key factor that companies consider when deciding where to place their investment dollars.

In the last three years, five significant labour and service disruptions have shut down our railway networks and clogged ports.

Uncertainty due to the lack of redundancy in the system makes it challenging for investors to have confidence the system will support increased volumes in the future.

CIAC RECOMMENDS:

- All levels of government work together with industry and other stakeholders on a long-term, comprehensive plan for trade and transportation infrastructure that supports population and economic growth.
- Advocate for the continuation of the National Trade Corridors Fund and for it to focus on projects that will enhance the capacity and resiliency of the rail network.
- Advocate for railways to be designated an essential service in order to give workers, railways and shippers a stable outlook for moving goods across the network.

RECOMMENDATION 3: ADVANCING A CIRCULAR ECONOMY FOR PLASTICS

From wind turbines and solar panels, to vehicles and building materials, to the packaging that allows us to feed our planet, the demand for plastic products is set to triple by 2050 to meet global sustainability goals. There is an incredible opportunity for Alberta to harness this potential through low-carbon plastics production and investing in recycling technologies.

CIAC RECOMMENDS:

- Developing standardized, supportive policies across jurisdictions that consider chemical recycling and energy from waste as "diversion."
- Expand eligibility of APIP to include investments in mechanical and advanced recycling and supporting infrastructure.