



CHEMISTRY INDUSTRY
ASSOCIATION OF CANADA

Chemistry Industry Alberta Budget 2026 Consultations



SUBMITTED BY:
Chemistry Industry Association of Canada
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The Chemistry Industry Association of Canada (CIAC) is pleased to provide input into the Government of Alberta's 2025 budget consultations. CIAC represents leaders in Canada's chemistry and plastic sectors. We provide coordination and leadership on key issues including innovation, investment, circularity, taxation, climate, health and safety, environment, and regulatory initiatives.

The chemistry and plastics sectors are a cornerstone of Alberta's economy, leveraging the province's abundant natural gas reserves. Anchored by industrial clusters in the Industrial Heartland region near Edmonton, central Alberta near Red Deer, in Medicine Hat, and growing in size and scope near Grande Prairie, the sector supports significant industrial growth and economic diversification. In 2024, Alberta's chemistry and plastics industries had shipments valued at ~\$20 billion CAN. Both the chemistry and plastics sectors significantly enhance Alberta's trade relationships through substantial exports, with the province's chemical and plastics exports valued at \$10.4 billion in 2024, positioning chemicals as the largest value-added manufacturing export from the province.

Alberta is preparing Budget 2026 at a time of significant policy shifts that will shape the investment climate for years to come. These include the first formal joint review of Canada-United States-Mexico Agreement (CUSMA); major commitments under the recently signed Memorandum of Understanding between the Government of Canada and the Government of Alberta; amendments to the Technology Innovation and Emissions Reduction (TIER) Program; and a suite of federal budget measures affecting capital investment, R&D competitiveness, and climate policy. Together, these developments create a rapidly evolving policy landscape in which Alberta's 2026 budget will play a critical role in ensuring that the province remains a competitive, predictable, and attractive destination for chemistry and plastics investment. The recommendations below are designed to support that objective by reinforcing competitiveness, regulatory clarity, and investment readiness across the sector. CIAC recommends that Budget 2026:

- **Extend, modernize and enhance the Alberta Petrochemical Incentive Program (APIP) to ensure long-term competitive, domestic/Alberta-based investment attraction and support decarbonization-related projects.**
- **Ensure predictability in Alberta's long-term industrial carbon-pricing framework, consistent with the federal-provincial Memorandum of Understanding (MOU). Also consistent with the MOU, extension and finalization of the Alberta Carbon Capture Incentive Program (ACCIP) is critical to enabling carbon capture and storage investments.**
- **Accelerate progress toward a circular plastics economy through regulatory clarity and targeted incentives for advanced and mechanical recycling.**
- **Adopt the federal accelerated capital cost accounting provisions in federal Budget 2025, specifically the Accelerated Investment Incentive, in Alberta's tax code to ensure these investment incentive programs are available within provincial tax rules.**

- 1. Extend, modernize and enhance the Alberta Petrochemical Incentive Program (APIP) to ensure long-term competitive, domestic/Alberta-based investment attraction and support decarbonization-related projects.**

CIAC and its members support the commitment made by the provincial government to finalize and extend the ACCIP, and we strongly encourage a similar extension be made to the APIP. The APIP has been central to attracting petrochemical investment and advancing Alberta's industrial-growth objectives. However, given long project development timelines—often 5–10 years—the existing program horizon now limits the province's ability to secure future investment.

CIAC recommends:

- Extending APIP to 2035 or making it a permanent program to create long-term investment certainty. This is similar to many U.S. states that offer this type of incentive.
- Lowering the minimum project threshold to \$20 million, enabling incremental expansions and decarbonization projects.
- Expanding eligibility to include:
 - CCUS projects not covered under ACCIP
 - post-use plastics and circularity infrastructure
 - process-efficiency and emissions-reduction retrofits

These changes would ensure APIP continues to reflect Alberta's evolving investment landscape and creates investment conditions for emerging opportunities, while remaining flexible and responsive to ongoing trade uncertainty, including potential impacts arising from CUSMA negotiations and tariff-related developments.

- 2. Ensure predictability in Alberta's long-term industrial carbon-pricing framework, consistent with the federal–provincial MOU. Also consistent with the MOU, extension and finalization of the Alberta Carbon Capture Incentive Program (ACCIP) is critical to enabling carbon capture and storage investments.**

CIAC and its members look forward to working with the province, federal government and other stakeholders on reaching an agreement on industrial carbon pricing by April 1, 2026. Alignment between federal and provincial governments on all aspects of industrial carbon policy will be essential for multi-year capital planning and long-term competitiveness. CIAC recommends that any changes made to the TIER framework maintain long-term predictability, support facility-level decarbonization, and preserve competitiveness for emissions-intensive, trade-exposed sectors.

Any future changes made to TIER should have the objectives of providing predictable facility emission coverage and pricing, incentivising tangible emissions reductions, and enabling companies to reinvest capital in transformative decarbonization projects. Alberta has already taken steps to achieve these objectives by recognizing on-site emissions reduction investments as a new way for industry to comply with the regulation. The direct investment compliance option allows companies to directly invest into facilities while lowering their carbon footprint and maintaining competitiveness.

The MOU also committed to extend the Alberta Carbon Capture Incentive Program (ACCIP) to support Pathways. Finalization of ACCIP is critical to all investments in CCS, including those in the chemistry and plastics sectors.

3. Accelerate progress toward a circular plastics economy through regulatory clarity, leveraging the existing Extended Producer Responsibility Program, and targeted incentives for advanced and mechanical recycling.

Global demand for plastics is forecasted to triple by 2060, while recycled material currently supplies only 6% of global demand¹. Alberta continues to have a strategic opportunity to shape national policy in mechanical and advanced recycling. As Extended Producer Responsibility is advanced in the province, it will provide the domestic supply and economic opportunities that promote keeping value-add manufacturing in the province rather than risking exposure to evolving trade and tariff policies.

To support this opportunity, CIAC recommends that Alberta:

- Review their regulatory approval process for recycling infrastructure, removing barriers and creating a tiered regulatory approval process that provides clear regulatory pathways based on complexity, technology, and capacity.
- Leverage Invest Alberta to attract targeted investment in circular plastics, sharing costs with the Federal Government through matching grants or mechanism such as the Canada Infrastructure Bank.
- Support the development of national recycled content requirements to drive the demand for recycled plastics, which would support the increased supply resulting from Extended Producer Responsibility.

4. Adopt the federal accelerated capital cost accounting provisions in federal Budget 2025, specifically the Accelerated Investment Incentive, in Alberta's tax code to ensure these investment incentive programs are available within provincial tax rules.

In Budget 2025, the federal government proposed changes to capital asset depreciation schedules. Specifically, the federal government is recommitting to the Accelerated Investment Incentive (AII), which provides immediate, 100% deduction in year one of capital assets placed into service. The AII and other accelerated capital cost accounting (ACCA) incentives help lower the cost of capital for investors, are broad based and are transparent for every manufacturer and processor. If a company invests, they receive the benefits of the incentive. Most importantly the AII and ACCA measures are very low risk for taxpayers. CIAC recommends the Alberta government mimic the AII and other ACCA measures proposed in federal Budget 2025 in Alberta's corporate tax code to ensure continuity with the federal government and to maximize the incentive benefits for investors, giving Alberta a competitive advantage for these types of investments.

¹ OECD, *Global Plastics Outlook: Policy Scenarios to 2060*, 21 June 2022, www.oecd.org/en/publications/global-plastics-outlook_aa1edf33-en.html