

FACTSHEET - Carbon Dioxide Removal

Country Report: Canada

While Canada has committed to net-zero by 2050 and recognizes removals within its targets, it lacks binding CDR-specific goals and fully developed regulatory structures. Federal strategies, provincial regulatory expertise, and economic instruments position the country to scale both technological and natural removals. The country relies on carbon pricing, tax incentives, and emerging offset systems to support deployment, but key elements such as MRV standards and DACCS protocols are still under development. Of particular note are the equity and just transition provisions, which focus on indigenous peoples and their involvement in measures to combat climate change, including through financial support by the federal government.



Legal Framework & Targets

Canada has committed to achieving net-zero greenhouse gas emissions by 2050 under the Canadian Net-Zero Emissions Accountability Act, which establishes interim reduction targets, including a 40–45 % decrease from 2005 levels by 2030, and requires periodic reporting of progress.¹ Although the Act explicitly includes carbon removals in the net-zero objective, it does not set separate legally binding targets for CDR, limiting transparency on the specific contribution of removal activities. However, the federal Carbon Management Strategy (CMS)

identifies carbon management as a critical tool for achieving net-zero and sets indicative deployment targets of 60–80 Mt CO₂ per year for CCUS and approximately 46–55 Mt CO₂ per year for DAC by 2050.² While the CMS primarily emphasizes technological pathways, natural carbon sinks such as afforestation, reforestation, and improved forest management are recognized as well under complementary frameworks, including the 2030 Emissions Reduction Plan³ and the Pan-Canadian Framework on Clean Growth and Climate Change.⁴



Economic Instruments

Canada relies on market-based instruments, with carbon pricing under the Greenhouse Gas Pollution Pricing Act serving as the principal mechanism. In addition, Canada's federal Greenhouse Gas Offset Credit System complements carbon pricing by generating credits for removal activities not otherwise covered, with forest management protocols already in effect.⁵ To encourage deployment of CDR technologies, Canada has implemented the Carbon Capture, Utilization, and Storage Investment Tax Credit

(CCUS ITC), now structured as a long-term incentive through the 2030s with declining support rates over time, conditional on labour standards and carbon storage requirements.⁶ Canada's Federal Government has also announced the public procurement of CDR services worth at least CAD 10 million until 2030, which serves to both reduce government emissions and support the emerging removal market.⁷

- 1 Canadian Net-Zero Emissions Accountability Act (2021).
- 2 Government of Canada, Carbon Management Strategy 2023 (2023).
- 3 Government of Canada, 2030 Emissions Reduction Plan (2022).
- 4 Government of Canada, Pan-Canadian Framework on Clean Growth and Climate Change (2016), 22.
- 5 Government of Canada, Canada's Greenhouse Gas Offset Credit System (2026).
- 6 Department of Finance Canada, Budget 2024: Green transition and investment incentives (2024).
- 7 Government of Canada, Treasury Board of Canada Secretariat, Government of Canada commits to purchase carbon dioxide removal services to green government operations and achieve net-zero emissions (2024).



Infrastructure & Permitting

Canada has very important storage capacities,⁸ and seeks to position itself as a leader on CM and CDR.⁹ Carbon management infrastructure in Canada is concentrated on pipeline networks, linking industrial hubs to geological storage sites. While some

provinces have specific regulations on geological CO₂ storage in place or are currently working on a regulatory framework,¹⁰ comprehensive federal regulation for storage on public lands or offshore remains incomplete.¹¹



Monitoring, Reporting, Verification & Transparency

Negative emissions are incorporated into Canada's GHG accounting and contribute to net-zero planning; however, they are not legally required to be accounted for separately, limiting transparency.¹² With regard to specific technologies, MRV requirements are currently being developed: A federal direct air carbon dioxide capture and geological storage (DACCS)

offset protocol has been proposed and consulted upon in early 2025, but is not yet finalized or operational.¹³ The draft contains comprehensive provisions for MRV.¹⁴ As for natural carbon sinks, Canada has already a protocol for forest management on private land in place that includes comprehensive provisions for MRV.¹⁵



Just Transition & Equity

Canada integrates just transition principles into its climate and carbon management policies, emphasizing Indigenous participation and regional economic impacts. Indigenous peoples are explicitly recognized as key stakeholders with legally protected rights to consultation and participation in project development, and policy frameworks prioritize the inclusion of Indigenous knowledge in project design and deployment.¹⁶ Funding mechanisms for climate action by Indigenous Peoples

are provided by the federal Government and incorporated into various policy frameworks, such as the 2030 Emissions Reduction Plan. In addition, since October 2023, labour requirements are embedded in the CCUS ITC, promoting local employment and workforce development. Overall, Canada has a fairly progressive legal framework regarding the recognition of the principles of just transition and equity.

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- 8 Melissa Felder, Anastasia Hervas, and Chris Noyahr, Evaluation of Carbon Capture and Storage Potential in Canada (2024).
 - 9 Government of Canada, Carbon Management Strategy (2023), 3; Colin Decon, Harnessing Canada's entrepreneurial spirit to remove carbon dioxide from the atmosphere (2024).
 - 10 Government of Canada, Carbon Management Strategy (2023), 19; Environmental Registry of Ontario, Ontario's legislative process for regulating geological storage at commercial scale: Regulating Commercial-Scale Geologic Carbon Storage Projects in Ontario (2024).
 - 11 Government of Canada, Carbon Management Strategy (2023), 26-28.
 - 12 Neil Craik, Anna-Maria Hubert, and Chelsea Daku, The Legal Framework for Carbon Dioxide Removal in Canada (2022), 855.
 - 13 Government of Canada, Federal offset protocol: Direct air carbon dioxide capture and geological storage (2025).
 - 14 Government of Canada, Preliminary Draft Federal Offset Protocol: Direct Air Carbon Dioxide Capture and Geological Storage (2025), sections 10, 13, 14.
 - 15 Government of Canada, Improved forest management on private land (protocol version 1.2) (2026), sections 10, 13, 14.
 - 16 Government of Canada, Canada's Partnership with Indigenous Peoples on Climate (2025).

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