November 7, 2025

Senator Fabian Manning
Chair
Standing Senate Committee on Fisheries and Oceans
The Senate of Canada, Ottawa, Ontario
Canada, K1A 0A4

Senator Bev Busson
Deputy Chair
Standing Senate Committee on Fisheries and Oceans
The Senate of Canada, Ottawa, Ontario
Canada, K1A 0A4

Re: Recommendation on Leveraging Existing Policy to Increase Canadian RD&D Funding for Ocean-based Carbon Dioxide Removal (oCDR)

Dear Chairman Manning and Deputy Chairman Busson:

Thank you for the opportunity to submit a follow-up recommendation on how Canada can increase funding support for oCDR research, development, and demonstration (RD&D). The letter outlines an opportunity to enhance Canadian research funding leadership under the Industrial Benefits Policy (ITB) without demanding new public funding resources or allocating limited budget away from existing programs.

Background Context
According to a wide range of studies reviewed by Carbon Removal Canada, the nation will need between 91–318 megatonnes (Mt) CO2 per year of CDR by 2050 to address residual greenhouse gas emissions and meet its climate targets. Recent analysis by the Rocky Mountain Institute shows a potential capacity of more than 100 Mt per year by Canada's oCDR industry by that time.

This would represent a significant portion of Canada's CDR needs to achieve its climate goals, but it would require significant investment in research and development to close current gaps in scientific and operational knowledge, prove the safety and efficacy of various technologies, and ensure their technological readiness for deployment at scale. In 2022, the US National Academies of Sciences estimated that an investment of about USD300 million per year would be required over a ten-year period to achieve these ends. To date, *total* public funding to advance these methodologies has not surpassed

USD40M, across US, UK, EU, Canada and Australia, presenting a significant budget gap for critical climate mitigation RD&D.

Opportunity

Recognizing federal budgetary constraints, one way Canada can demonstrate leadership and jumpstart the required level of investment in oCDR would be through leveraging its existing Industrial Benefits Policy (ITB). According to our analysis of ITB program requirements, oCDR RD&D and the technologies required to measure, report, and verify (MRV) its efficacy may fit squarely into the ITB's existing **Clean Technology Key Industrial Capacity (KIC)**, though it is not yet being leveraged for this purpose.

The scope of this KIC includes "the design, development, engineering, manufacturing or integration of...equipment and processes that directly reduce or eliminate pollution, waste, noise, or emissions," and, "software and equipment used to measure, monitor and analyze the environmental impacts of pollution, waste, noise, or emissions," where carbon dioxide is included in the definition of the term "emissions."

If oCDR is to play a substantial role in meeting Canada's climate goals, a substantial and rapid increase in public funding is needed to close current knowledge gaps and advance the technological readiness of those technologies that prove safe and effective.

Toward these ends, we recommend that the Committee take the following actions:

- *Short-term*
    - In collaboration with ISED, confirm and clarify oCDR's eligibility under the "Clean Tech" Key Industrial Capacity (KIC).
    - Draw attention to ITB as a potential funding mechanism for advancing innovative RD&D, skills-development and Canadian leadership in the field of ocean-based carbon removal.

- *Longer-term*
    - Explore whether a dedicated KIC towards carbon removal RD&D would help Canada deliver and direct appropriate funding to advance its climate goals.
    - Encourage the development of a national research strategy to help guide and maximize increased oCDR RD&D investments.

Additional Detail: Aligning with ITB Policy Value Proposition

The investment obligations of Contractors under the ITB Policy require them to identify and invest in Canadian industries within a "Value Proposition." We believe oCDR aligns closely with four out of five Value Propositions, as summarized below:

- ***Supports the growth of prime contractors and suppliers in Canada, including small and medium business (SMBs) in all regions of the country***
  Notably, Canadian SMBs are among the leaders in the emerging field of oCDR, and are securing foreign investment for some of the first ocean-based carbon dioxide removal through ocean alkalinity enhancement purchasing agreements. As emissions caps decline, carbon removal will play an increasingly important role for hard to abate sectors.

- ***Enhances innovation through research and development (RD&D) in Canada***
  Substantial investment through the ITB would advance safe and effective oCDR technologies vital to the achievement of Canada's climate goals, while supporting technology innovation and jobs in coastal communities. Such investment will further enable Canada to increase global climate competitiveness and encourage private-sector investments in high-growth opportunities.

- ***Increases the export potential and international competitiveness of Canadian-based firms***
  Ensuring the availability of high-quality removals can increase the export potential and international competitiveness of Canadian firms by improving their carbon footprint as carbon border adjustments are increasingly adopted to level the climate playing field in international commerce.

- ***Fills skills and training gaps within the Canadian economy to support a more innovative Canada***
  Provide opportunities for development of a highly skilled workforce to support Canadian innovation and attract and retain international talent.

Increased financial support for the emerging oCDR industry can help cement Canada's leadership while attracting the kind of talent and private capital needed to support development of a responsible sector.