Australia and climate change negotiations: at the table, or on the menu?

25 MARCH 2015  |  ANALYSIS  |  BY HOWARD BAMSEY AND KATH ROWLEY

In this Analysis, Howard Bamsey and Kath Rowley argue that any failure to pay proper, high-level attention to the current international climate change negotiations raises several risks to the national interest. Strong, constructive engagement in those negotiations by Australia would serve climate change, economic and other national goals.

Flickr/Juan Alberto Garcia Rivera
A wind farm in Albany, Western Australia, 2013.

KEY FINDINGS

The UN climate negotiations are of real consequence, and should be in the very top category of the government’s international priorities.

Australia’s distinctive national circumstances mean it has to work harder than others to advance its interests.

Ministerial leadership, a strong negotiating team, and active support for preparations for the Paris conference in December would return much-needed momentum to Australia’s negotiating effort.

Full Text
Executive summary

The climate change negotiations are changing the global economy in ways that matter to Australia. New norms, standards, rules, and even laws will require Australia to change. These developments create challenges and opportunities for Australian businesses and individuals.

Australia’s national circumstances — especially its relatively high current dependence on industries that emit large quantities of greenhouse gases — are distinctive, so Australia must work harder than others to advance its interests. Failure to pay proper, high-level attention to the negotiations would seriously endanger the national interest. By actively engaging in negotiations in a strategic and creative way, Australia can help ensure that the next global agreement provides for a smooth adjustment for the global and the Australian economy. This would minimise potential adverse impacts on Australia, and secure access to the new economic and other opportunities that action on climate change brings.
Coal

Coal is an obvious target for regulation. It is a major cause of the air pollution that is an increasing economic drag and political challenge for many governments, especially in rapidly developing economies. Restrictions on its use therefore deliver attractive economic and climate co-benefits. Even where such local factors are not drivers, the relative emissions-intensity of coal means it can be a sitting duck when targeted emissions reductions are the only way forward on climate change. Recent changes to US power plant regulations and China’s bans on new coal-fired power plants in key regions may foreshadow a broader shift.\[44] To the extent that these measures accelerate contraction of the global market, they increase costs for Australia.
Why climate negotiations matter for Australia

The results of the formal negotiations and the many consequential or associated economic changes (in particular, the emissions reduction targets that countries set and the policies and measures they put in place to meet them) will profoundly alter the economic prospects of many industries globally — for better or for worse. The impacts will be felt directly by Australian firms in affected industries: companies with low-emissions products and services may do better while those with high emissions may find costs are higher and customers fewer. At the level of the national economy these movements will show up in changes to
As one of the world’s biggest fossil fuel producers and exporters, Australia has an important stake in both when and how the world pursues emissions reductions.[32] This is not to say that Australia should seek to delay or avoid global action — in fact, its vulnerability to climate change as well as its economic circumstances push squarely in the other direction. Partly as a result of Australia’s current reliance on coal, and more broadly of its relatively emissions-intensive economy, it faces relatively greater economic adjustment than many other developed countries as the world reduces emissions.[33] Timely action would spread the adjustment, reducing economic disruption. Further, coordinated action through linked markets would help minimise costs (both for Australia and for the world).[34] But should efforts fragment, costs would increase.[35]