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Australia is a Climate Change Laggard

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Abstract:

Over the past two decades, the biggest shift in Australia's climate diplomacy and national climate policy followed the replacement of the Howard government with the Rudd Labor government in 2007. However, while the Rudd and Gillard Labor governments have played a much more proactive role than their Coalition predecessor in the international climate negotiations and in their climate policy performance, no Australian government has embraced the leadership responsibilities conferred on developed countries under the United Nations Framework Convention on Climate Change 1992. Moreover, when Australia's diplomacy, mitigation ambition and climate policy performance are compared to other developed countries, Australia has remained, for the most part, a relative laggard throughout the period 1996-2013. This is most starkly illustrated by the contradiction between Australia's national climate and energy policies, reflecting a deeply problematic assumption that Australia can continue to achieve prosperity as a major fossil fuel user and exporter without any repercussions.

Introduction

In 1992, the negotiators of the United Nations Framework Convention on Climate Change (UNFCCC) conferred an explicit obligation on developed countries to take the lead in combatting climate change on the basis of the principles of equity and 'common but differentiated responsibilities and capabilities' (Article 3(1)). It was recognised that developed countries were responsible for most of the cumulative emissions in the atmosphere since the Industrial Revolution, and that they had greater per capita emissions and greater capacity to pursue mitigation and adaptation relative to developing countries. It was also recognised that developing countries have significant poverty and unmet development needs. Yet many developed countries, including Australia, have failed to embrace their leadership responsibilities, and this is one of the main reasons why China and the G77 have so far refused to undertake international mitigation reduction commitments and why the climate negotiations have produced diminishing returns over time. Indeed, I shall argue that Australia has not only rejected its leadership obligation but also remained a relative laggard among developed countries since 1995, despite significant shifts in Australian diplomacy and national climate policy since 2007.

Before assembling the key evidence to support these two claims, I clarify the meaning of 'climate leader' and 'climate laggard' and stake out a position on the crucial question of whether conditional cooperation qualifies as diplomatic leadership, laggardship or neither.

Distinguishing a climate leader from a laggard

Distinguishing between leaders and laggards is not straightforward because it involves making judgments about how to conceptualise leadership and laggardship, and how to measure and evaluate performance (Christoff and Eckersley 2011). However, given that the international climate regime (made up of the UNFCCC, Kyoto Protocol and subsequent decisions and agreements) has served as the primary stimulus for climate diplomacy and national climate policy, my account of climate leadership and laggardship will be grounded in the norms of the regime.

In negotiating the Kyoto Protocol, China and the G77 along with the European Union interpreted the leadership norms to mean that developed countries should lead in mitigation ambition, lead by example in national climate and energy policy, lead in legal commitment by going first, and also assist developing countries to follow. Leading by example also provides a basis for diplomatic leadership, understood as the ability to induce the cooperation of others in pursuit of a collective goal (in this case, preventing dangerous climate change) (Eckersley 2012; Vanderheiden 2012: 477). In contrast, laggards are those states that seek to obstruct or stall the negotiations, negotiate self-serving rules or otherwise act in ways that undermine the basic purpose of the regime.

However, the US and many countries in the so-called Umbrella group (including Australia) contested this interpretation of developed countries' responsibilities, which has produced a stand-off between the US and China in the international negotiations. The rapid growth in the aggregate emissions of major developing countries such as China and India over the past two decades has changed expectations about mitigation responsibility, and it is now widely accepted in the post-Kyoto negotiations that dangerous climate change cannot be prevented unless *all* major emitters undertake international commitments. However, these developments have not led to any diminution in expectations that developed states should lead in the mitigation effort, least of all Australia, which was the highest per capita CO2 emitter in the world in 2010 (Olivier et al 2012: 14) and is also among the top twenty aggregate emitters in the world, variously ranked as thirteenth (Garnaut Review 2008: 54); fifteenth (Olivier et al 2012: 14) and sixteenth (US Department of Energy 2009) depending on whether CO2 or all which emissions are included, the date of the data and whether the EU is counted as a single emitter.

How, then, should we categorise conditional co-operation, such as when developed states promise to make certain international mitigation commitments only if major developing countries also make particular commitments? We can expect all cooperation to be conditional but whether it amounts to diplomatic leadership or laggardship depends on the conditionalities and the likelihood that they will induce or prevent cooperation by others in particular diplomatic contexts. So, for example, a refusal to commit unless and until all other parties, or all major emitters, also commit is tantamount to laggardship not leadership, since it is primarily concerned with reducing risks and avoiding relative losses than galvanizing others to act. The same argument would extend to conditional commitments that build on very weak unilateral targets, that fail to acknowledge differences in responsibility, capacity and development needs, and which promise increased ambition only under stringent conditions.

In contrast, a conditional commitment that builds upon ambitious unilateral mitigation action and promises even more ambitious action if reasonable conditions (that respect differences in responsibility and capabilities) are met is more likely to induce cooperation and is therefore consistent with leadership. It signals a strong and credible commitment to action plus a promise of an even larger contribution to the mitigation effort that would reduce the costs of cooperation for others (Saul and Seidel 2011: 916). Finally, it would increase pressure on major developing countries, which could no

longer point to the absence of leadership by developed countries as a reason for postponing international commitments. While leadership certainly carries risks, the absence of leadership will ensure continuing stalemate given the particular acrimonious history of the climate negotiations (Karlsson et. al. 2011; Underdal et. al. 2012).

Although the focus of this volume is Australia's foreign policy, it should be clear that leadership and laggardship in climate diplomacy cannot be separated from leadership and laggardship in domestic climate policy. Following the practice in comparative climate policy, I understand a 'climate leader' in domestic politics to mean those states or regions that are the first movers, front runners or top performers in national climate policy. Laggards, in contrast, are the poor performers, dawdlers and shirkers. Since leadership and laggardship are relational, then if some developed states improve their climate performance over time, then they may still remain relative laggards if other developed states have also improved their performance much more over the same time period.

In assessing Australia's national climate policy performance I focus on three basic measures: (1) climate ambition reflected in the national mitigation targets, (2) core climate policy output (checked against energy policy for policy coherence); and (3) changes in aggregate emissions over time.

However, two cautionary notes are necessary. First, the UNFCCC has adopted a production-based accounting system, which measures the total volume of emissions produced within a country over a given time period without accounting for the emissions embodied in imports and exports. Critics have argued that this means that Australia does not have to account for the significant emissions associated with its exports of coal and gas, which are attributed to the importing countries when they burn the fossil fuels. Nonetheless, I rely mostly on the UNFCCC's official data since it provides the best means for comparing changes in Australia's emissions over time relative to other developed countries. The issue of Australia's fossil fuel exports is examined when assessing the congruence between Australia's climate and national energy policy.

Second, changes in a country's emissions profile may sometimes occur for reasons other than deliberate policy design, such as economic recession or, as we shall see in Australia's case, through 'baseline inflation'. These faux emissions 'reductions' are noted and discounted.

Australia is Mostly a Laggard, and Certainly not a Leader

In assessing Australia's performance I focus on two overlapping phases. The first is 'the Kyoto I phase' (1995-2012), which covers the negotiations leading up to the signing of the Kyoto Protocol in 1997 through to the end of the Protocol's first commitment period in 2012.

The second is 'the post-Kyoto phase' (2007-ongoing), which officially began with the 2007 Bali roadmap to negotiate a new treaty designed to draw the USA back into the negotiations after its repudiation of the Kyoto Protocol in 2001. Negotiations for this treaty foundered at Copenhagen in 2009, and the parties produced instead the Copenhagen Accord 2009, which called on parties to commit to emission reduction pledges that were not legally binding. The Accord was endorsed at the Cancun meeting in 2010 but at the next meeting in Durban 2011 the parties decided to start over with a new roadmap to negotiate a new treaty or other legal instrument by 2015, to include all major emitters, and to come into legal effect in 2020. The agreement of China and the G77 to this roadmap was secured by the EU's promise to commit to a second

commitment period under the Kyoto Protocol. However, since Kyoto phase II, covering the period 2013-2020, is intricately tied up with the post-Kyoto negotiations they will be discussed together.

The Kyoto I Phase 1995-2012

Four different national governments were in office during the Kyoto phase, but it was the Howard government (1996-2007) that left the longest shadow on Australia's diplomatic and policy performance. Since the critique of the Howard years has been provided in great detail by many others (e.g. Bulkeley 2000 and 2001; Christoff 2005; Christoff and Eckersley 2007; Crowley 2007; Hamilton 2001 and 2007; Lyster 2004; McDonald 2005; Pearse 2007 and Stephenson 2009) I will therefore focus only on the headline issues of self-serving diplomacy (including disingenuous baseline accounting), weak targets, and weak policy output and outcomes.

The Keating Labor government (1991-1996) had played the role of a willing co-operator in signing and ratifying the UNFCCC 1992. However, when the negotiations for a legally binding Protocol began in 1995, it adopted a defensive posture that pleaded for special leniency for Australia while calling for commitments from developing countries. This abdication of leadership was built upon and strengthened by the Howard government, which enlisted economic modelling that exaggerated the economic costs of mitigation and ignored the costs of failing to take action, and subverted the principles of differentiation by applying them to Australia. At the Kyoto meeting in 1997, Australia negotiated an *increase* in Australia's emissions of eight percent from a 1990 baseline to the end of the first commitment period. This gave Australia the *second most lenient target* among the 38 states plus one regional organisation listed in Annex B to the Protocol. In contrast, the then fifteen members of the European Community committed to a target of *reducing* their collective emissions by eight percent while the Clinton administration agreed to a seven percent reduction.

Australia also drove a particularly hard bargain at the eleventh hour of Kyoto negotiations in devising Article 3.7 in the Protocol, which enabled reduced emission from land clearing and forestry to be included in the 1990 emission base year where these activities constituted a net emissions source in 1990. The Australian negotiators did this in full knowledge that the rate of land clearing in Queensland, and hence emissions from this activity, was very high in 1990 but had already significantly slowed down in the early 1990s *before* the Protocol was negotiated. This gave Australia an inflated baseline and therefore eased the pressure to reduce emissions from the burning of coal and other fossil fuels to meet its Kyoto target. Article 3.7 is widely referred to as the 'Australia clause' since no other party has enjoyed the benefit of this particular provision.

Despite negotiating a highly favourable target and baseline, the Howard government signed the Protocol but thereafter followed the USA under the second Bush administration in refusing to ratify the treaty because it did not include commitments from major developing countries and would harm the economy. Indeed, up until 2007, the USA and Australia were the only two Annex B countries that had declined to ratify the Protocol, which made them not only laggards relative to other developed countries but also pariahs in the eyes of many environmental Non-Government Organisations (NGOs).

Although the Howard government accepted its Kyoto target as a de facto national target its climate policy output and new mandatory renewable energy target were weak, and it continued to question the science of climate change. The government failed to enact any

economy wide measures such as an emission trading scheme or carbon tax and only conceded the need for an emissions trading scheme when the 2007 election loomed.

In 2006, the penultimate year of the Howard government, Australia's per capita emissions were more than four times the world average, nearly twice the OECD average and the highest in the OECD (Garnaut 2008: 153-54). Moreover, over the period 1990 to 2010 (which was dominated by the Howard government), Australia's total emissions grew by 13.7 percent (UNFCCC 2012: 15). Yet when changes in Land Use Change and Forestry (LULUCF) are excluded, Australia's emissions grew by 30 percent, mostly from the burning of coal (UNFCCC 2012: 14). Nonetheless, under the Kyoto accounting rules, Australia is expected to 'over-achieve' on its Kyoto target of 108 percent by reaching 105 percent by 2012 (Department of Climate Change and Energy Efficiency 2012: 1).

The post-Kyoto Phase 2007-ongoing

The election of the first Rudd Labor government in 2007 ushered in a significant shift in climate diplomacy and policy. The new government ratified the Kyoto Protocol as its first act in office and announced its intention to enact a national emissions trading scheme, which would be informed by the recommendations of the Garnaut Review (Garnaut 2008). Prime Minister Rudd declared climate change to be a great moral challenge and he committed Australia to a proactive re-engagement in the multilateral climate negotiations. He attended the crucial Copenhagen meeting in 2009 and made a strong push for developed countries to increase their commitment to climate finance to assist developing countries.

Turning to domestic policy, the Rudd government increased Australia's renewable energy target in 2009 to 20% of Australia's electricity supply by 2020 but it was unable to secure the passage of its Carbon Pollution Reduction Scheme through the Senate. However, the new Gillard government succeeded in securing the passage of the Clean Energy Future package in November 2011, which included a three year fixed price or 'carbon tax' followed by a floating price in 2015 under an emissions trading scheme. The government subsequently linked its emissions trading scheme to the EU scheme and also joined the EU in agreeing to a second commitment period under the Kyoto Protocol, based on its 2020 Copenhagen target (Combet 2012).

There is clearly plenty of evidence to support the claim that Australia has moved forward on climate diplomacy and policy under a Labor government since 2007. Yet 2007 also corresponded with a significant shift in the international negotiations, which saw increased pressure on both developed and major developing countries to increase their mitigation ambition and commit to a new treaty in response to the growing risks of dangerous climate change. When the targets and policies of the Rudd and Gillard governments are compared to other developed countries over this same period, we see little change in Australia's relative position as a laggard. For example, the 2013 Climate Change Performance Index ranks Australia as 'poor', and 40th out of the top 58 emitters (Germanwatch/CAN Europe 2013: 6-7).

Nor did the first Rudd government's Copenhagen pledge and national policies match its own rhetoric of re-engagement (Curran 2011). As Table 1 shows, Australia's unilateral Copenhagen pledge of minus five percent by 2020 from a 2000 (rather than 1990) baseline remains among the lowest of developed countries, and well below the scientific recommendations of minus 25-40 percent for developed countries. Moreover, the conditions for increasing Australia's mitigation commitments are among the most stringent. In terms of the spectrum of conditional cooperation discussed above, the EU sits at the strong (leadership) end, and Australia at the weak (laggardship) end.

[Insert Table 1 about here.]

Turning to national climate policy, the enactment of the Clean Energy Future Package certainly constituted a breakthrough relative to previous governments. In particular the establishment of the Climate Change Authority to provide independent, scientific advice on such matters as emissions caps, trajectories and carbon pricing provided a welcome corrective to the misinformation and climate denialism spread by many influential mining industry advocates and certain politicians. However, the weak target and the concessions given to emission intensive industries have considerably reduced the effectiveness of the initiative. Moreover, in the face of a looming election the second Rudd government weakened Labor's climate policy with the decision to scrap the carbon tax and bring forward the trading scheme by one year, thereby depressing the price of tradable permits in Australia following linkage with the highly depressed EU carbon market.

The election of a Coalition government led by Tony Abbott in September 2013 saw Australia return to its traditional status as an unreconstructed laggard. The Abbott government has vowed to repeal the carbon tax and replace it with a Direct Action Plan, which is a voluntary, tax-payer funded scheme whereby farmers and businesses are paid for emissions reductions that would not otherwise occur. The Abbott government has made it clear that holding the line on the financial cap for the scheme ($3.2 billion over four years) is a higher priority than achieving Australia's 2009 Copenhagen pledge, which also serves as its Kyoto II target. This will put the government at risk of breaching its international commitments, and it has also ruled itself out of playing a constructive role in the crucial negotiations leading towards a new treaty in 2015, where one of the primary goals is to raise mitigation ambition *beyond* current targets.

More generally, the climate diplomacy and national climate policies of all governments since 2007 have been fundamentally contradicted by their energy policies. There has been no significant move to phase out fossil fuel subsidies, despite a commitment in 2009 by the G20 (of which Australia is a member). Moreover, the Gillard government's Energy White Paper 2012 envisages Australia playing a continuing role as a major fossil fuel energy producer and supplier to Asia and other 'growth markets'.

Successive governments will find it increasingly difficult to hide behind the UNFCCC's production-based accounting rules. Australia is the world's biggest coal exporter, and the emissions associated with Australia's total fossil fuel exports are much larger than Australia's domestic emissions, and destined to grow. Indeed, according to a report by Beyond Zero Emissions (Green and Finighan 2012: 20), based on 2011-2012 data, Australia 'exports carbon emissions equivalent to the entire direct emissions of Germany, the world's fourth largest economy'. What credibility would we accord to any government that accepted a global and domestic target for the reduction of cigarette consumption on the basis of reputable scientific evidence of serious health risks while exporting vast quantities of cigarettes to the rest of the world and actively supporting and subsidizing domestic chain smoking? Likewise, it is no longer credible for Australia to embrace the two degrees guardrail and look forward to a low-carbon world while encouraging and profiting from carboniferous development at the same time.

Conclusion

The International Energy Agency has warned that, in the absence of the rapid and widespread deployment of (highly expensive and not yet commercially viable) carbon capture and storage technology, no more than one third of proven reserves of fossil fuels can be burned before 2050 if the world is to have a 50 percent chance of limiting warming to no more than two degrees Celsius (IEA 2012: 3). Yet Australia alone is set to use up and profit from most of this carbon budget (Carbon Tracker Initiative 2013b: 5).

The policies of successive Coalition and Labor governments assume that Australia can continue to achieve prosperity as a major fossil fuel user and supplier without any serious repercussions for the world's climate or for long-term human security. This not only offends the goals and principles of the climate regime, along with Australia's professed commitment to the 'two degrees guardrail'. It is also economically foolhardy. As China and other key coal export markets increasingly move towards low-carbon alternatives, as the fossil fuel divestment movement grows in strength, and especially if a new treaty is signed in 2015 based on emission caps for all major emitters, then Australia will be left behind with significant stranded assets (Carbon Tracker 2013a and 2013b).

If Australia wishes to move from laggard to a leader, it must rethink its energy future and its economic and diplomatic role in the Asian region. This requires, among other things, ramping up its unilateral 2020 mitigation target to drive more rapid innovation and commercialisation of renewable energy, phasing out perverse fossil fuel subsidies and fossil fuel exports, weaning the Australian electricity market from coal, and developing partnerships for low-carbon development with those countries suffering significant energy poverty in the region, most notably India. This is leadership, and it is the best means of breaking the massive collective action problem presented by climate change.

Further Reading

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Other Materials

Table 1: Copenhagen Pledges

Annex I state	2020 Target	Baseline
EU-27	-20 to -30%*	1990
Norway	-30 to -40%	1990
Liechtenstein	-20 to -30%	1990
Switzerlan	-20 to -30%	1990
Monaco	-30%	1990
Iceland	-30%	1990
Japan	-25%**	1990
Ukraine	-20%	1990
Belarus	15 to -10%	1990
New Zealand	-10 to -20%	1990
Russian Federation	-15 to -25%	1990
Belarus	-5 to -15%?	1990
Croatia	-5%	1990
Kazakhstan	-15%	1992
Australia	-5 to -15 to -25%***	2000
Canada	-17%	2005
USA	-17%	2005

* The EU will increase its commitment to minus 30% if *other developed countries* commit to comparable reductions and 'developing countries contribute adequately according to their responsibilities and respective capabilities.
** Japan's commitment is premised on a fair and efficient international framework, including ambitious targets by all major economies
** Australia will increase its commitment to minus 15% if there is a global agreement 'under which major developing economies commit to substantially restrain emissions and advanced economies take on commitments comparable to Australia's'. Australia will further increase its commitment to minus 25% if the world agrees to an ambitious global deal consistent with stabilising atmospheric concentrations of greenhouse gases at 440 ppm CO2e.
Source: Copenhagen Accord 2009 Appendix I - Quantified economy-wide emissions targets for 2020. At: http://unfccc.int/meetings/copenhagen_dec_2009/items/5264.php