

PM with Mark Colvin

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Global push for carbon pricing grows

Lexi Metherell reported this story on [Thursday, October 10, 2013](#) 18:42:00

DAVID MARK: The election of the Coalition Government and a slew of new senators opposed to the carbon tax means Australia's price on carbon will almost certainly go next year.

And yet the global push in favour of carbon markets only appears to be getting stronger.

This week the IMF, the World Bank and the OECD (Organisation for Economic Co-operation and Development) all stressed the need for carbon pricing to address climate change.

And a new survey's found that there are high expectations that China will have a carbon trading scheme and a carbon tax in place by the end of the decade.

Lexi Metherell reports.

LEXI METHERELL: The head of the International Monetary Fund, Christine Lagarde, has a two-pronged message for the world's finance ministers on climate policy: put a price on carbon and get rid of fuel subsidies.

CHRISTINE LAGARDE: If there are two things that you remember from what I'm saying now, that's it. Getting the pricing right and remove the energy subsidies that amount to approximately \$485 billion today.

LEXI METHERELL: Her counterpart at the World Bank, Jim Yong Kim, agrees.

JIM YONG KIM: Those are two of the most important issues, without question.

LEXI METHERELL: He concedes pricing carbon and cutting subsidies is politically difficult, but says there's a growing urgency about the need to act in key countries.

JIM YONG KIM: This past winter I met with some Chinese officials and they said, "You know, the pollution crisis that we had changed everybody's understanding of the importance of tackling climate change."

And we saw that shift. It seems to me that every time one of these crises happen, people move closer to saying, "OK, we've really got to move now."

LEXI METHERELL: And expectations are high that China will move.

China has seven regional pilot emissions trading schemes planned, which will cover 250 million people. It's committed to a national scheme but the timing on when that will begin isn't clear.

The ANU's Centre for Climate Economics and Policy, in conjunction with the China-based NGO, the China Carbon Forum, has surveyed 86 China-based analysts, including from industry and research institutes.

The ANU's Frank Jotzo led the survey and says almost all respondents expect China to have a national ETS (Emissions Trading Scheme) and a carbon tax in place by the end of the decade.

FRANK JOTZO: One of the reasons why there's a strong level of confidence that China will be introducing even stronger steps to rein in the growth of greenhouse gas emissions is because it completely gels with their drivers and really their strong pressures to do something about local air pollution. They just can't go on forever increasing the consumption of coal in particular.

LEXI METHERELL: China is a controlled economy. Why are they trialling the market-based schemes of emissions trading schemes?

FRANK JOTZO: When you talk to policy makers here, they've really understood that market mechanisms for pollution control are much more efficient in general than the sort of command and control and direct regulatory interventions that they've tended to use so far.

It's actually somewhat ironic that, you know, the world's largest emitter where the economy overall that's not completely freed up yet, that China is set to rely on carbon pricing when the United States and probably Australia will not be doing so, at least not any more for the foreseeable future.

LEXI METHERELL: And the head of the club of free-market economies is pressuring its members to put a price on carbon.

Overnight the OECD secretary-general, Angel Gurría, said a price on carbon should be a cornerstone of climate policy and he released a report showing emissions trading systems are the lowest-cost way of reducing emissions.

Carbon price advocates, like John Connor from the Climate Institute, are pleased to have the high-level support of the OECD, as well as the IMF and the World Bank.

JOHN CONNOR: Well, it's an extraordinary chorus which has drawn many other voices that these are the most economically efficient way of reducing emissions. These voices are joining with the action on the ground as well, I think is the most important thing. Some in the Coalition have been pretending that the tide's been going out on carbon markets and carbon pricing but that's just not the case.

DAVID MARK: The chief executive of the Climate Institute, John Connor, ending Lexi Metherell's report.

In a statement, the Environment Minister, Greg Hunt, says the Government does not agree that a carbon tax is an effective way to reduce emissions and says it will achieve its abatement challenge domestically with its emissions reductions fund.

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