Poverty and sustainability in developing countries – The impact of international trade in carbon

Hear from three leading commentators about the ethical, economic and environmental consequences for developing countries under the Government's proposed Carbon Pollution Reduction Scheme

Workshop hosted by The Australia South Asia Research Centre, Australian National University and The Australia Institute

Dr Richard Denniss, The Australia Institute
Professor Raghbendra Jha, Australia South Asia Research Centre, Australian National University
Andrew Macintosh, Centre for Climate Law and Policy, Australian National University

JUNE 16th 10.30 am–12.30 pm
APCD Theatre 1 in the Hedley Bull Building
Australian National University

Dr Richard Denniss Executive Director The Australia Institute

Buying permission to pollute—who really pays?

Much has been made of the 'costs' that Australia will face in attempting to reduce greenhouse gas emissions as a result of the introduction of the Rudd Government's Carbon Pollution Reduction Scheme (CPRS). However, what is not widely understood is that under the CPRS a substantial portion of these emission reductions will not actually occur within Australia's borders. Rather, the modelling undertaken by Treasury shows that in order to meet the proposed emissions reduction targets, Australian firms will import a substantial number of emissions credits from developing countries. The economic, equity and environmental consequences of developed countries relying on developing countries to achieve emissions reductions will be discussed.

Professor Raghbendra Jha Australia South Asia Research Centre, Australian National University

Macroeconomic implications of an ETS

Proposals for an international carbon trading scheme have paid insufficient attention to its macroeconomic implications.

If, as is likely, businesses in developed countries buy trading permits from businesses/governments in developing/transition countries, the latter are likely to see a significant inflow of foreign currency. At the same time, businesses in the developing/transition countries will have to reduce emissions to comply with their reduced carbon entitlements. The former effect may lead to an appreciation of the currencies of the transition countries, reduce their exports and have some Dutch-disease type effects.

Concurrently, this will allow businesses in developed countries to reduce their emissions by less than they would have to in the absence of the carbon trading scheme. The latter will reduce the pace of industrialisation in the transition countries.

Andrew Macintosh Associate Director ANU Centre for Climate Law and Policy

Emissions allocations and equity

Current Australian Government proposals for reducing carbon emissions not only lack environmental credibility but also involve an inequitable division of the global emissions entitlements between developed and developing countries. The equity dimensions of proposed schemes have attracted little public attention but they are of considerable importance. If developing countries are asked to shoulder an inequitable share of the abatement burden, an environmentally credible agreement is unlikely to be reached. An unfair agreement, if it could be finalised, is also likely to be unstable. Ensuring an equitable distribution of emissions entitlements is in the long-term interests of developed countries. There is also the moral argument that it is the right thing to do.