

Senate Economics References Committee
ANSWERS TO QUESTIONS ON NOTICE
Department of Industry, Science, Energy and Resources
Inquiry into the Australian Manufacturing Industry
11 November 2021

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE, ENERGY AND RESOURCES

TOPIC: Potential for carbon tariffs overseas to impact on Australia's advanced manufacturing capabilities

REFERENCE: Written

QUESTION No.: 3

Several submissions have raised the need for Australia to provide energy to manufacturers that is both affordable and low emissions, the former being important for cost competitiveness reasons, while the latter is important to hedge against the risk of carbon tariffs being imposed in potential export markets. Does the Department have a view on how likely it is that we will start to see carbon tariffs introduced overseas, and how has that risk assessment filtered into the Department's thinking on the best policies and measures to pursue as part of a strategy to grow our advanced manufacturing capabilities?

ANSWER

The Government's Technology Investment Roadmap and annual Low Emissions Technology Statements are targeted at bringing low-emissions technologies to price parity with existing technologies. As noted in our Submission to the Committee, one of the four pillars of the Australian Government's Modern Manufacturing Strategy is getting the economic conditions right for business, and a key focus area within this pillar is delivering lower energy costs.

The department and other government agencies are monitoring developments on the likely introduction of carbon tariffs and the potential impacts of these policies on our trade, economy and global supply chains. Australia is strongly committed to multilateral approaches and institutions to deal with both climate change and trade issues, and advocates approaches that avoid disrupting trade, and instead promote it.