

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates, 2 June – 4 June 2009

Question: bet 163
Topic: Emission Trading Scheme
Hansard Page: E111

Senator Joyce asked:

Senator JOYCE—Because it is premised on the fact that China or India will be involved, but of course these countries have no legislation passed that says they are coming into an emission trading scheme.

Ms Quinn—I refer to my earlier answer that what is important for the economic cost of emission pricing is that there is an actual shadow price of carbon. It is broadly equivalent if somebody takes a particular approach to putting a price on carbon versus someone else; the important aspect of trade is that there is a market that Australia has access to low-cost abatement. That market currently exists through the legislative framework of the Kyoto Protocol under the CDM market. There are other countries that have legislation in place that put a price on carbon such as states in the United States, parts of Europe, and then I can give you the list of others who are looking at the proposals at the moment.

Answer:

A number of countries have acted to reduce their emissions or are in the process of developing emissions trading schemes. Schemes are already operating in 27 European countries. US President Obama has confirmed his commitment to a cap-and-trade scheme and to the US emissions reduction target of a return to 1990 levels by 2020, and 80 per cent below 1990 levels by 2050 (equates to 14 per cent below 2005 levels by 2020 and 83 per cent below 2005 levels by 2050). The House of Representatives recently passed the American Clean Energy and Security bill, and the Senate is expected to commence a debate on this issue shortly.

The following table sets out emission targets announced by selected countries:

Country/Region	2020 target	2050 target
Australia	25% below 2000 levels in the context of a global agreement sufficient to stabilise emissions at 450 parts per million or lower, otherwise 5-15% below 2000 levels	60% below 2000 levels
Belarus	5-10% below 1990 levels (under consideration)	

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Country/Region	2020 target	2050 target
Brazil	Brazil has set deforestation targets for the period 2006-2017, which equate to a more than 70 per cent reduction in the rate of deforestation by 2017.	
Canada	20% below 2006 levels	60-70% below 2006 levels
China	China has an economy-wide energy intensity target to reduce energy consumption per unit of gross domestic product by 20 per cent between 2005 and 2010.	
European Community	20% below 1990 levels; 30% if other developed countries make comparable efforts	60-80% below 1990 levels
France		75% reduction (base year unclear)
Germany	40% below 1990 levels	
Iceland	15% below 1990 levels	50-75% below 1990 levels
Japan	15% below 2005 levels	60-80% below (2005 or 2008 - base year not clear) levels
Mexico	Mexico recently announced that it would reduce emissions by 50 million tonnes per year until 2012.	50% below 2002 levels.
Netherlands	30% below 1990 levels	
New Zealand	Consultation underway	50% below 1990 levels by 2050
Norway	30% below 1990 levels	Carbon neutral (by 2030)
Russia	10-15% below 1990 levels	
South Africa	Aims to have emissions peak by 2020 – 2025, then stabilise for up to a decade and then fall.	
Sweden	40% below 1990 levels (applies to sectors not covered by EU ETS)	Zero net emissions

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Country/Region	2020 target	2050 target
Switzerland	20-30% below 1990 levels (consultation in progress)	
Ukraine	20% below 1990 levels (under consideration)	50% below 1990 levels
United Kingdom	At least 34% below 1990 levels	At least 80% below 1990 levels
United States	Obama administration: 14% below 2005 levels [Waxman-Markey bill: 30% below 2005 levels]	Obama administration: 83% below 2005 levels

Source: Various, national announcements – other targets may exist and further announcements are likely in the coming months.