Chapter 5

Conclusions and recommendation

Climate change

5.1 Notwithstanding climate change sceptics, there is a broad international scientific consensus that various human activities have increased greenhouse gas emissions, contributing to global warming and climate change. In Australia, there is bipartisan support for this view, and accordingly an acknowledgement that Australia has an obligation to take action to abate its greenhouse gas emissions.

5.2 It is noteworthy that none of the groups that made a submission to this Inquiry opposing ratification of the Kyoto Protocol attempted to cast doubt on climate change. All were united in the belief that climate change is a serious issue, warranting global attention, so that the impacts of climate change on humankind can be avoided or minimised. Like good corporate citizens, all of these groups are united in a belief that it is necessary and desirable to reduce greenhouse gas emissions. However, they do not believe that the Kyoto Protocol represents an effective response to climate change.

5.3 The Australian Chamber of Commerce and Industry (ACCI) said in its submission: 'It is important to re-iterate … that while ACCI is opposed to the ratification of the Kyoto Protocol, that does not mean we are opposed to reducing greenhouse gases or learning to adapt to climate change.'[1]

5.4 The Australian Aluminium Council (AAC) said that 'The AAC and its members share the global – and national – public concern, including the Parties supporting the Bill, over possible climate change and adverse global man-made impacts on the natural 'greenhouse' effect.'[2]

5.5 The Plastics and Chemicals Industries Association (PACIA) acknowledges the necessity to reduce greenhouse gas emissions. PACIA said that it 'has undertaken two specific projects under the Greenhouse Challenge program and five PACIA members have signed individual Greenhouse Challenge Agreements.'[3]

5.6 The Minerals Council of Australia (MCA) considers that:

> Climate change is an issue of significant international concern that should be addressed in the economic, environmental and social interests of humankind … The Minerals Council supports a global response to

---

1 Australian Chamber of Commerce and Industry, Submission 35, p. 3

2 Australian Aluminium Council, Submission 29, p. 1.

3 Plastics and Chemicals Industries Association, Submission 23, p. 2

> managing climate change that will deliver real greenhouse gas emission abatement provided this does not undermine Australian industry's global competitiveness and promotes real business opportunities.[4]

5.7 Woodside Energy Ltd indicated in its submission that it:

> supports the 108% Kyoto target for Australia and is committed to playing its part to the achievement of that target and to reducing global greenhouse emissions through increased LNG exports. Woodside has been a member of the Greenhouse Challenge Program since 1997. Woodside operated projects have abatement actions either completed or planned which will reduce total greenhouse emissions by 40 million tonnes of CO2e over the period 2002-2022 (at a cost $195 million over 20 years). In addition, Woodside has also invested $50 million in sustainable and renewable energy technologies through its subsidiary company Metasource Pty Ltd.
>
> Since 1996, emissions per tonne of production from Woodside operated projects have declined by more than 50%. Two of the abatement initiatives (avoiding 730,000 tonnes of CO2e per annum) have won Institution of Engineers Australia/Australian Greenhouse Office awards for greenhouse abatement initiatives. The 4th LNG train, under construction on the North West Shelf project, will be 30% more greenhouse efficient than the existing LNG trains built in the early 1990s.[5]

5.8 Finally, Mr Lawrence Acton, Chair, Land and Vegetation Task Force, National Farmers Federation stated that 'I should have said up front that we do accept that there is a need to address greenhouse emissions.'[6]

Should Australia ratify the Kyoto Protocol?

5.9 The Kyoto Protocol represents a fundamentally flawed response to climate change and its ratification is not in Australia's national interest.

The Kyoto Protocol does not represent a genuinely global response to climate change

5.10 Climate change is a global issue, with repercussions for all nations, and accordingly it requires a genuinely global response. Unfortunately, the Kyoto Protocol falls woefully short of this. In no way does it represent a genuinely global response to climate change.

---

4 Minerals Council of Australia, Submission 32, p. 1.

5 Woodside Energy Ltd, Submission 31, p. 1.

6 Mr Lawrence Acton, *Evidence*, p. 37.

5.11 The fundamental flaw of the Kyoto Protocol is that a mammoth 75 percent of global greenhouse gas emissions are excluded from its scope, severely limiting its efficacy.

5.12 The Kyoto Protocol aims to cut the greenhouse emissions of Annex 1 Parties by only five percent. The Australian Greenhouse Office points out that this comes nowhere near to reducing greenhouse gas emissions by the required amount. It says that the Protocol, 'will make only a modest contribution – around 1% - to reducing the growth of global greenhouse emissions.'[7] This compares to a need, based on the best science currently available, to reduce global emissions by some 60 percent by the end of the century.

5.13 Environment groups acknowledge that much more substantial cuts in emissions are required than those provided under the Kyoto Protocol if emissions are to be stabilised at a level that will prevent dangerous interference with the climate system. Greenpeace, for instance, states that, 'Much deeper cuts in greenhouse emissions are needed than those currently required under the Kyoto Protocol's first commitment period.'[8] However, there is currently no agreement on the targets that countries will be expected to meet after the expiration of the first commitment period in 2012, although these will be subject to talks in the near future. Strictly speaking, and this is a point Woodside makes in its submission,[9] it is incorrect to speak of a first commitment period because the Kyoto Protocol contains no agreement for subsequent commitment periods. The reality is that the proponents of ratification are asking Australia to sign up to a fatally flawed treaty that excludes 75 percent of global emissions, does not require developing nations to meet targets, and will deliver woefully inadequate global emissions abatement of around one percent. Given this, it is difficult to see how the Climate Action Network Australia (CANA) can justify saying that, 'CANA members believe that despite the modest targets there is great value in the Kyoto Protocol because it involves action being taken today.'[10]

5.14 As it is, the Protocol will make only a negligible contribution to abating greenhouse gas emissions. However, the basis of the treaty will be further undermined if those countries that have ratified it fail to meet their emission reduction targets. The European Union is a vociferous supporter of the Protocol, but in December 2003 it was revealed that without further abatement action the EU as a whole, and 13 out of its 15 member states will miss their targets.[11] Only the United Kingdom and Sweden

---

7 www.greenhouse.gov.au/international/kyoto/index.html

8 Greenpeace, Submission 34, p. 2.

9 Woodside Energy Ltd, Submission 31, p. 6.

10 Climate Action Network Australia, Submission 33, p. 2.

11 European Commission, Media Release, *Climate change: More action required from Member States to cut greenhouse gas emissions*, 2 December 2003.

are on track to meet their targets.[12] EU Environment Commissioner, Margot Wallstrom, has said that:

> The figures in the report show that the policies and measures taken in the Member States so far will not be enough. Unless more is done, the EU as a whole and the majority of its Member States will miss their Kyoto emission targets. This is serious. Time is running out.[13]

5.15 In the absence of further abatement measures, Spain is projected to exceed its target by more than 30 percent, whilst Austria, Belgium and Ireland are projected to exceed their targets by 20 percent by 2010.[14]

The Kyoto Protocol does not require developing nations to meet targets

5.16 Unlike developed nations, the Kyoto Protocol does not require developing nations to commit to targets to reduce their greenhouse gas emissions. This is justified largely on social justice grounds and on the basis that developed nations are historically responsible for the increase in greenhouse gas emissions.

5.17 Greenpeace, for instance, says that:

> There are several reasons why developed countries should reduce emissions before developing countries:
>
> - Developed countries have the technical and financial capacity to reduce emissions.
> - Developing countries often have more pressing basic subsistence issues such as food, shelter, health etc.
> - Developed countries are responsible for approximately 80% of historical greenhouse emissions.[15]

5.18 Developing countries emissions are projected to exceed those of the developed world in this decade. This undermines the entire basis of the Kyoto Protocol. The objective of the Protocol is to stabilise greenhouse gas concentrations at a level that will prevent dangerous interference with the climate system. How can this be expected when developed nations cut their emissions, but at the same time developing nations go on increasing theirs?

---

12 European Commission, Media Release, *Climate change: More action required from Member States to cut greenhouse gas emissions*, 2 December 2003.

13 ibid.

14 ibid.

15 Greenpeace, Submission 34, p. 5.

5.19 There is a logical inconsistency, in that the proponents of ratification argue that the consequences of climate change will be so dire that immediate action is required, but on the other hand they say that, at least in the first instance, developing nations should not be required to cut their greenhouse gas emissions. Surely, if the consequences of climate change are going to be so dire, it requires immediate action by all major emitters, regardless of whether or not they happen to be a developed or developing nation?

5.20 Moreover, the CSIRO says in its submission that 'The greater the reductions in emissions and the earlier they are introduced, the smaller and slower the projected warming.'[16] Surely, this must provide a powerful justification to environmental groups and other proponents of ratification, for the requirement that developing nations take action to reduce their greenhouse gas emissions?

5.21 Climate change does not discriminate on the basis of a country's level of industrialisation, and nor should the Kyoto Protocol. Climate change will impact on all countries throughout the globe, and accordingly all countries have an obligation to address climate change.

5.22 It is a serious weakness of the Kyoto Protocol that it does not even contain a pathway for the involvement of developing nations. If the Kyoto Protocol is to have any chance of making significant reductions in emissions, a means must be found to include developing nations in the Protocol.

5.23 As the Chamber of Commerce and Industry Western Australia notes:

> Unless developing countries are also part of an international strategy to reduce greenhouse emissions, that strategy will not work. And unless developing countries can be accommodated in an emissions reduction strategy in an equitable way which does not preclude them from achieving economic development, they will refuse to participate.[17]

5.24 Greenpeace states that 'Developing countries have indicated their willingness to take on targets once developed countries have reduced emissions.'[18] However, it is the case that many developing nations are very reluctant to even discuss the framework that must come into place after 2012. According to Environment Minister, Hon Dr David Kemp MP, 'China and India simply will not even begin discussing acceptance of Kyoto-style emission caps.'[19] Climate Change Backgrounder No. 3 of the Climate Change Issues website says that:

---

16 CSIRO, Submission 16, p. 6.

17 Chamber of Commerce and Industry Western Australia, Submission 28, p. 1.

18 Greenpeace, Submission 34, p. 5.

19 Hon Dr David Kemp MP, 'Kyoto not the answer for Australia', *Australian Financial Review*, 16 December 2003, p. 47.

> At the World Summit on Sustainable Development in Johannesburg in September 2002 the EU tried to get acceptance for the idea of developing countries accepting targets in the future (after the Kyoto obligations expire in 2012). They were rejected. The EU tried again at the meeting of Parties the following October and got an even more public rejection.[20]

5.25 The reluctance of developing nations to take on targets was referred to at the hearing:

> **Senator LUNDY** – But the point is that the next round will pick up those countries that do not currently have obligations.
>
> **Mr Knapp** – I am sorry, Senator. The issue has been stated very categorically by those exact countries at COP8 and COP9 – that is, that they do not intend to take on commitments under the Kyoto protocol.
>
> **Mr Waller** – Or its successors.[21]

5.26 Mr Christopher Langman, Ambassador for the Environment, Environment Branch, Department of Foreign Affairs and Trade referred to the intransigence of developing nations when it comes to accepting targets. He stated that:

> in the past when industrialised countries like Australia, Japan and the United States and the European Union, have talked about actions that develop[ing] countries might take to constrain greenhouse gas emissions in the long term, it has always led to a breakdown of the discussions—to walking out—or to incredibly difficult, all-night discussions that produced very little.[22]

5.27 Mr Langman went on to say that:

> The point is that whenever in the Kyoto negotiation there was an effort to discuss how developing countries might contribute to the mitigation of greenhouse gas emissions within the framework of the protocol—or later on; say in the second commitment period—that led to a breakdown of the negotiations.[23]

5.28 At another point in the hearing Mr Langman made the observation that, 'India and China, and indeed the group of developing countries—the G77—have made it

---

20 Climate Change Issues, *Climate Change Backgrounder No. 3: The Kyoto Protocol – On Shaky Ground*, www.climatechangeissues.com/cci-ccb3.php

21 *Evidence*, p. 46. [Note: The quote ascribed to Mr Waller will be shown in the final corrected transcript as having been made by Mr Michael Potter of the National Farmers Federation.]

22 Mr Christopher Langman, *Evidence*, p. 54. [Note: The proof transcript incorrectly refers to 'developed', not 'developing'.]

23 ibid., p. 55.

quite clear that they are not willing to accept or discuss anything that looks like a legally binding obligation to constrain their greenhouse gas emissions.'[24]

5.29 The Kyoto Protocol Ratification Advisory Group considers that if developing countries continue to resist targets, the future of the Kyoto Protocol will be jeopardised. The Group says that:

> if developing countries do not accept targets, the treaty is not likely to have a future. The Protocol cannot achieve its environmental objective and developed countries are unlikely to continue with measures that impose an inequitable cost on their economies.[25]

5.30 Mr Langman referred to a growing international view that the Kyoto Protocol does not represent an effective response to climate change. He said:

> I think we have to understand that certainly some countries have decided to use the Kyoto protocol to take some initial steps to address climate change but there is an increasing view in the international debate on climate change that this approach does not represent an effective way of dealing with this very large-scale long-term and important issue. The debate internationally—and you have had much discussion on this already—has focused on, amongst other things, the critical question of how we engage major developing country emitters in action to reduce those emissions over the longer term in a way that is consistent with their economic growth. I am sure we all agree that that economic growth is an imperative; it will happen. The question is: how can we engage India and China, where most of the growth in the global emissions will take place over the next several decades, in a way that is effective from an environmental point of view? At this time I have very little sense from the international negotiations that the protocol, and its approach of binding quantitative caps on emissions, is feasible in terms of engaging those countries.[26]

5.31 Not only are developing nations not required to meet targets, but the world's largest global emitter, the United States of America, responsible for one-quarter of carbon dioxide emissions globally, has said that it will not ratify the Kyoto Protocol. Russia is another major emitter, and it is sending conflicting signals as to whether or not it will ratify. China is the second largest global emitter and India is the fifth largest. As developing nations, they are not required to meet targets under the Kyoto Protocol. This means that three of the world's top five greenhouse gas emitters will not be required to meet emission reduction targets. Indeed, the Minerals Council of Australia makes the point that:

---

24 Mr Christopher Langman, *Evidence*, p. 59.

25 Kyoto Protocol Ratification Advisory Group, *Report: A Risk Assessment*, p. 33.

26 Mr Christopher Langman, *Evidence*, p. 54.

> Currently of the top 21 'world emitters' (which together accounted for about 80 per cent of global emissions in 1996), only five (Japan, the European Union, Canada, Ukraine and Poland) have accepted binding emissions caps – and it is not clear that they are all on track to meet their commitments.[27]

5.32 The CSIRO acknowledges that it is for the Government to decide whether or not to ratify the Kyoto Protocol. However, it makes the observation that:

> even if the Protocol were to come into force, it would represent just a small, first step towards slowing global warming. Thus the real issue is not whether or not we sign Kyoto, but whether or not there is a genuine commitment (nationally and globally) to curtail greenhouse gas emissions, and (in the long-term) bring them down to levels significantly below current.[28]

5.33 What is needed is an effective and comprehensive response to climate change. Such a response must involve all major emitters in addressing climate change. The Australian Aluminium Council and the Minerals Council of Australia both contend that an effective global response to climate change must encompass 'all major emitters – current and potential.'[29]

5.34 Environment Minister, Hon Dr David Kemp MP, has said that a minimum requirement is that the top 6 emitters, the USA, the EU, Russia, China, Japan and India, who are collectively responsible for 70% of global emissions, be engaged in the process.[30] Ideally, the top 12 emitters (which include Australia), with global emissions of over 80%, should be included in the task.[31]

5.35 The Montreal Protocol on Substances that Deplete the Ozone Layer is a pertinent example of the merits of a truly global approach. It includes obligations for both developed and developing countries alike, whereas the Kyoto Protocol includes obligations only for developed nations. It covers 82 percent of global emissions of ozone depleting substances, whereas conversely the Kyoto Protocol excludes 75 percent of global greenhouse gas emissions from its coverage. Without the Montreal Protocol, ozone depletion would have reached at least 50 percent in the northern hemisphere's mid-latitudes and 70 percent in the southern mid-latitudes by the year 2050 – about 10 times worse than current levels. This is in stark contrast to the Kyoto Protocol.

---

27 Minerals Council of Australia, Submission 32, p. 9.

28 CSIRO, Submission 16, p, 1.

29 Australian Aluminium Council, Submission 29, p. 4 and Minerals Council of Australia, Submission 32, p. 5.

30 Hon Dr David Kemp MP, Speech, *Australia's Domestic Climate Change Approach*, Renewable and Sustainable Energy Roundtable Side-event, COP 9, Milan, 9 December 2003, p. 2.

31 ibid.

The economic impact of ratification

5.36 Those groups that made submissions opposing ratification of the Kyoto Protocol made clear that because it is not a genuinely global agreement, it has the potential to impact adversely on the international competitiveness of Australian industry, and by extension Australia's national prosperity.

5.37 The Australian Chamber of Commerce and Industry refers to the fact that 'Australia is in the unique position of being a world leader in the production of energy and energy intensive products.'[32] Likewise, the Australian Industry Group (which did not make a submission) makes the point that 'Australia specialises in the production of energy and greenhouse intensive goods – more than 80% of our exports are greenhouse gas intensive.'[33] As the Chamber of Commerce and Industry Western Australia states in its submission 'The alternative sources of these products – and hence Australian businesses' competitors – are often from developing rather than developed economies.'[34]

5.38 Ratification of the Kyoto Protocol will burden Australian industries, most particularly our energy and energy intensive industries, with costs not faced by their competitors in countries that do not have Kyoto obligations. It is worth noting that Australia is in a region dominated by developing nations and that by ratifying we would be creating obligations for Australia that are not imposed on many of our regional trading competitors.

5.39 Woodside Energy Ltd put it this way:

> Australian trade-exposed, energy intensive industries would suffer competitive disadvantage from developing nations without emission targets under the Protocol and from the US which has elected not to ratify the Protocol. Competitors in these nations attract no additional production costs imposed by their governments to achieve compliance. This competitive disadvantage is illustrated clearly by the LNG export industry, in which almost all of Australia's competitors for new contracts are located in non-Annex B countries in Asia and the Middle East.[35]

5.40 Likewise, the Australian Chamber of Commerce and Industry contends that:

> A fundamental concern for Australian industry is that a number of our competitors do not have binding abatement targets under the current Kyoto Protocol rules. Consequently, these nations will not see a price signal within

---

32 Australian Chamber of Commerce and Industry, Submission 35, p. 4.

33 Australian Industry Group, Fact Sheet, *Kyoto Protocol and Implications for Australia*, November 2000, p. 1.

34 Chamber of Commerce and Industry Western Australia, Submission 28, p. 2.

35 Woodside Energy Ltd, Submission 31, p. 2.

> their domestic industries and will be able to enter global markets with lower cost structures. The scenario that Australian Governments must mitigate against is the situation where domestic greenhouse abatement policies introduce a price signal here that impedes our ability to remain internationally competitive.
>
> The marginal cost of abatement will cascade through supply chains – being passed on from supplier to supplier. Ultimately, there will be a point in the chain where certain trade-exposed domestic industries will be unable to pass on the marginal cost as imported products will be less costly.[36]

5.41 The Plastics and Chemicals Industry Association (PACIA) referred to the energy intensive nature of the sector. It said that:

> Changes to the cost of energy, and costs associated with emission controls, will affect competitiveness. Many competing suppliers are based in Asia and other developing countries where there has been substantial investment in recent years in larger plants which achieve scale economies not realisable in a market the size of Australia. A loss of competitiveness, even due to shorter term market changes, can result in long term loss of market share.[37]

5.42 The Australian Aluminium Council also referred to the impact of ratification on the aluminium industry's international competitiveness. It said that:

> the world market price for aluminium will be dominated by the availability of metal from countries without obligations under the Kyoto Protocol (non-Annex 1) or countries that don't intend ratifying (at least the US) or countries who will be large sellers of 'hot air' (Russia and Eastern Europe). Consequently, any increase in energy prices to the aluminium industry in Australia as the result of policies to abate greenhouse emissions cannot be passed on to aluminium customers.[38]

5.43 The second related danger that ratification of the Kyoto Protocol poses to Australia is that of 'carbon leakage'. According to the Australian Chamber of Commerce and Industry 'There is a possibility that new investment in industries like aluminium or LNG production could move offshore in response to cheaper energy costs in developing countries that do not have emission reduction targets.'[39]

5.44 Ratification of Kyoto would jeopardise investments in smelters and refineries, and mining and petrochemical projects, which would be likely to go to developing nations not subject to Kyoto emission reduction targets. Mr Knapp of the Australian Aluminium Council put it this way:

---

36 Australian Chamber of Commerce and Industry, Submission 35, p. 5.

37 Plastics and Chemicals Industry Association, Submission 23, p. 2.

38 Australian Aluminium Council, Submission 29, p. 2.

39 Australian Chamber of Commerce and Industry, Submission 35, p. 5.

> **Mr Knapp** – Just a second – the real issue is that you are not going to see new investment coming to this country. In the aluminium industry we are talking about companies that are globally oriented, and they have a choice of putting their next smelter in Australia, South Africa, Brazil, Canada or Iceland, and their competitors are also going into other countries, such as those in the Middle East or China. It is not a case of seeing somebody leaving your shores tomorrow – they are locked in; they have a plant here. You do not close a $3 billion aluminium plant and walk away; you run that plant until the end of its life –
>
> **Senator LUNDY** – So it is about people coming here.
>
> **Mr Knapp** – and the end of its life may come sooner through economics.[40]

5.45 As the Environment Minister, Hon Dr David Kemp MP, has said, if the Parliament were to ratify the Kyoto Protocol it would be sending the message that it is:

> prepared to impose legal obligations and significant costs on our industries that they may not face in the longer term if they were to transfer their operations to countries which have rejected such obligations, and which for the most part have so far shown no interest in moving to such a regime post-Kyoto.[41]

5.46 To this extent, what the Kyoto Protocol will essentially involve is exporting greenhouse gas emissions from a developed nation (Australia) to developing nations. Mr Mitchell Hooke of the Minerals Council said that, 'It is a shame that Senator Brown has left the room; his concentration on per capita, on Australia and on developed economies will only serve to export emissions to countries that are not constrained and limited by the target disciplines of the Kyoto protocol.'[42] In all likelihood, these developing nations will not have the same stringent environmental standards as Australia. PACIA makes the point in its submission that:

> Were these economies [developing countries economies] not to be included in international efforts to reduce or abate emissions, the reality of the market would accelerate the trend toward investment and production growth in these economies. The longer term outcome would then be not only that Australian industry would reduce or cease production, but that replacement products would come from economies which are not emission constrained … On this basis, the impact on Australia would be the loss of industries, and employment, in industry sectors which were efficient and have growth

---

40 *Evidence*, p. 47.

41 Hon Dr David Kemp MP, Speech: to the IPA: *Australia's Approach to Climate Change*, 28 February 2003, p. 5.

42 Mr Mitchell Hooke, *Evidence*, p. 45.

> potential, and no reduction – or even increases in – global greenhouse gas emissions.[43]

5.47 The National Farmers Federation also states that 'In many cases, the movement of industry from Australia to other countries would actually increase global greenhouse gas emissions, as Australia is an efficient, low emission producer of many products.'[44]

5.48 Renewable and sustainable energy groups are strongly in favour of ratifying the Kyoto Protocol. They refer to the substantial business opportunities and industry development that ratification would offer. The argument of the Renewable and Sustainable Energy Roundtable, the Australian Business Council for Sustainable Energy, and Environment Business Australia is that ratification of the Kyoto Protocol will allow Australian companies to have unfettered access to the flexibility mechanisms of the Kyoto Protocol.

5.49 The Renewable and Sustainable Energy Roundtable says in its submission that:

> If Australia does not ratify the Kyoto Protocol, access by Australia's renewable and sustainable energy companies to flexibility mechanisms (such as international emissions trading, the Clean Development Mechanism or Joint Implementation) will be restricted. This is likely to significantly impact on the international competitiveness of Australian firms as well as the continued growth and development of renewable and sustainable energy. In order to capitalise on the significant opportunities for the export of both technology and expertise that will result from participation in these markets, it is essential that Australia participate.[45]

5.50 Similarly, the Australian Business Council for Sustainable Energy states that:

- Not ratifying the Kyoto Protocol reduces opportunities for Australian companies to sell emission permits to other developed countries that do not have the abatement opportunities that we have; and

- Not ratifying reduces export opportunities for Australian businesses, particularly to developing economies. This makes it more difficult to develop globally competitive industries – particularly in sustainable energy and environment industries.[46]

5.51 It is correct that in order to be able to participate in the flexibility mechanisms of the Kyoto Protocol Annex 1 Parties must first have ratified the Kyoto Protocol.

---

43 Plastics and Chemicals Industry Association, Submission 23, p. 4.

44 National Farmers Federation, Submission 36, p. 9.

45 Renewable and Sustainable Energy Roundtable, Submission 19, p. 2.

46 Australian Business Council for Sustainable Energy, Submission 30, p. 2.

Therefore, as a non-Party to the Protocol, the Australian Government cannot participate directly in the Kyoto mechanisms, but this does not mean that Australian companies are unable to participate. According to the Australian Greenhouse Office 'the rules agreed at Marrakesh in November 2001 do not discriminate between firms from countries that have and have not ratified the Protocol.'[47] The AGO adds that:

> Australian industries are world leaders in greenhouse action and have much to contribute to the international effort on climate change response. Given this expertise, Australian businesses may wish to participate in international greenhouse projects under the Kyoto market-based mechanisms.[48]

5.52 The Minerals Council and Woodside Energy Ltd have also both indicated that their understanding is that Australia does not need to ratify the Kyoto Protocol in order for Australian companies to be able to participate in the flexibility mechanisms. In particular, Woodside states that:

> there is a strong expectation that Australian companies can still access the Kyoto mechanisms with ease on the 'buy' side and slightly more complexity on the 'sell' side, thus ratification does not appear to be necessary for eventual access to the market in Kyoto mechanisms.[49]

5.53 Woodside also casts doubt on the claims that have been made about industry development and job opportunities in the renewable and sustainable energy sector arising from ratifying the Kyoto Protocol. It says that:

> There are advocates of ratification who claim that jobs and investment will flow from Kyoto ratification and that firms will be able to participate in emissions trading, CDM and JI projects. This argument is only true to the extent that credit investments inside Australia will result in cheaper 'credits' when compared with other sources of ERU's, AAU's or RMUs globally, particularly when Russian and Eastern European 'hot air' credits are considered. Additionally, with Australia meeting its Kyoto target there is little logic for the case that investments in credit generating assets and jobs will be driven by Australian companies before the end of the Kyoto compliance period (because of the short-term expectation of no carbon impost).[50]

5.54 This is a view shared by the Minerals Council, which says that based on research by International Trade Strategies, 'assertions that ratifying the Kyoto Protocol would

---

47 Australian Greenhouse Office, *Australian firms and the market-based mechanisms of the Kyoto Protocol*, 2003, p. 2.

48 ibid., pp. 1-2.

49 Woodside Energy Ltd, Submission 31, p. 3.

50 ibid., pp. 2-3.

create significant business opportunities for Australian companies participating in the Protocol's 'flexibility mechanisms' are highly speculative and overstated.'[51]

5.55 The real question is whether the jobs created by participation in the flexibility mechanisms will outweigh those lost via ratification. Woodside considers that there is a need to perform a cost/benefit analysis.[52]

5.56 In an article in the *Sydney Morning Herald*, Mr Michael Hitchens, an adviser to industry and governments, contends that:

> It is true that ratifying the protocol and joining an emission trading scheme that would be dominated by Europe, Japan, Ukraine and perhaps Russia should create jobs for a lucky few in forestry, renewable energy and emissions trading financial services. It should also make the very few shareholders of companies engaged in these industries wealthy. It would, no doubt, also be a new windfall source of taxation revenue for governments. But this is the sum total of the potential economic rewards. The prospective economic costs are many, many times greater and would be inflicted on every Australian.[53]

The practical affect of Australian non-ratification

Australian non-ratification will have no practical affect on the Kyoto Protocol's entry into force

5.57 Australian non-ratification of the Kyoto Protocol will have no practical affect on its entry into force. Article 25 of the Protocol provides that it will only enter into force and become legally binding after at least 55 countries, representing at least 55% of Annex 1 Parties 1990 emissions (the threshold) have ratified it. So far, 120 parties have ratified the Protocol, representing 44.2 percent of Annex 1 Parties emissions.[54] Australia's greenhouse gas emissions represent 2.1 percent of Annex 1 Parties emissions.[55] The USA's emissions represent 36.1 percent of Annex 1 Parties emissions and Russia's represent 17.4 percent.[56] Consequently, only the United States of America or Russia is capable of ratifying the Kyoto Protocol to bring it above the 55 percent threshold, so that it can enter into force.

---

51 Minerals Council of Australia, Submission 32, p. 9.

52 Woodside Energy Ltd, Submission 31, p. 3.

53 Michael Hitchens, 'Counting the cost of Kyoto, inflicted upon every Australian', *Sydney Morning Herald*, 16 January 2004, p. 13.

54 http://unfccc.int/resource/kpthermo.html

55 http://unfccc.int/resource/kpco2.pdf

56 ibid.

5.58 The USA has decided not to ratify the Kyoto Protocol, which means that its entry into force hinges on Russian ratification. Russia's intentions are best described as uncertain, at this stage, with some equivocal statements having been made. Russia was previously regarded as a certainty to ratify the Protocol but serious reservations have been expressed regarding the potential economic impact of ratification. Indeed, Russia has a number of concerns over the Kyoto Protocol including that it will impact adversely on its economic growth, the rules on joint implementation projects, and because Russia wants to receive credits earlier than 2008.[57] The Russian Presidential Economic Adviser, Andrey Illarionov, has complained that countries with much higher rates of greenhouse gas emissions than Russia are not required by the Kyoto Protocol to reduce their emissions.[58] He has expressed concern that the treaty will severely constrain Russia's economic growth, saying that 'Adhering to the provisions of the Kyoto Treaty and achieving economic growth are incompatible.'[59]

5.59 However, the Russian Prime Minister, Mikhail Kasyanov, reportedly said in December last year that Russia will ratify the Protocol, adding that 'it will take longer than expected.'[60] There is speculation that Russia will ratify the Kyoto Protocol in return for the European Union softening its demands on energy pricing in relation to Russia's proposed membership of the World Trade Organisation. There is a view that '[t]he EU may moderate demands that Russia stop regulating gas prices and split up Gazprom's $16 billion export market should Russia agree to sign the treaty.'[61] However, in the absence of an authoritative statement from the Russian President, Vladimir Putin, outlining Russia's intention, speculation is likely to continue.

Australia is a relatively small global emitter of greenhouse gases

5.60 Australia is a relatively small greenhouse gas emitter, responsible for just 1.5 percent of global emissions.[62] Hence, even if Australia did nothing to abate its greenhouse gas emissions (which is by no means the case) it would have a negligible impact on global emissions. As a number of witnesses pointed out, it is true that Australia has some of the highest per capita emissions in the world. However, this is a product of a number of unique factors.

5.61 Australia has a comparatively small population of just 20 million people. This has to be placed in the context of a high rate of population growth in comparison to other developed nations. The Chamber of Commerce and Industry of Western

---

57 'Kyoto's future up in air', *The Age*, 14 December 2003 and 'Kasyanov: A Kyoto Plan in the Works', *The Moscow Times*, 15 December 2003.

58 'Presidential Advisor: Kyoto Treaty discriminates against Russia', *Pravda*, 6 October 2003.

59 ibid.

60 'Kasyanov: A Kyoto Plan in the Works', *The Moscow Times*, 15 December 2003.

61 ibid.

62 Kyoto Protocol Ratification Advisory Group, *Report: A Risk Assessment,* 2003, p. 9.

Australia mentions that 'Over the past 20 years Australia has experienced the third fastest population growth in the OECD (after Turkey and Mexico, neither of which are Annex 1 countries).'[63]

5.62 In 2001 emissions from the energy sector comprised almost 70 percent of Australia's total greenhouse gas emissions.[64] Australia's economy is strongly focused on energy and energy-intensive products, which make up the great majority of our exports. For example, nearly 70 percent of Australia's energy production is exported.[65] To this extent, those countries that import these products from Australia benefit in the form of a lower emissions profile than if they were produced domestically. The Chamber of Commerce and Industry Western Australia makes the point that 'A large proportion of Australia's exports are sold to non Annex 1 countries. The Kyoto Protocol makes no provision for credits for activities which generate emissions in Australia but also lead to a reduction in emissions in the countries to which it exports.'[66] Australia's Liquid Natural Gas (LNG) export industry illustrates this point nicely. Woodside states that:

> relative to other fossil fuels such as coal and oil, LNG has low lifecycle emissions but high production emissions, due to the energy required to cool and liquefy the gas for transport overseas. Under the Kyoto Protocol, LNG contributes to Australia's emissions inventory but reduces our customer's national inventories to the extent it replaces other fossil fuels. As Kyoto considers each country in isolation, it penalises Australia for producing LNG, most of which is used to lower emissions in other developed countries. That is, Kyoto takes no account of global benefits of cleaner fuels or more efficient production.[67]

5.63 For instance, Australia's exports of LNG to Japan result in significantly less greenhouse gas emissions than if Japan used coal to generate electricity. The $25 billion LNG contract with China will add around one million tonnes of carbon dioxide annually to Australia's emissions, but by replacing coal fired power in China it will reduce China's emissions by around 7 million tonnes annually, so that on a global basis greenhouse gas emissions will be reduced by around six million tonnes – a substantial net reduction in global emissions.

---

63 Chamber of Commerce and Industry of WA, *The Kyoto Protocol and Greenhouse Gas Emissions*, November 1999, p. 17.

64 Australian Government, *Tracking to the Kyoto Target 2003*, September 2003, p. 5.

65 National Greenhouse Strategy, http://ngs.greenhouse.gov.au/action_plans/module4/index.html

66 Chamber of Commerce and Industry of WA, *The Kyoto Protocol and Greenhouse Gas Emissions*, November 1999, p. 17.

67 Woodside Energy Ltd, Submission 31, p. 2.

5.64 Australia has a high dependence on fossil fuels. According to the National Greenhouse Strategy, 'Australia's reliance on coal (at over 40% of the energy mix) is double that of the OECD average.'[68]

5.65 Stationary energy emissions comprised about 50 percent of Australia's national emissions in 2001.[69] Electricity generation represents approximately 70 percent of stationary energy emissions.[70] Australia has plentiful reserves of black coal and has a high dependence on coal-fired electricity. According to the Australian Coal Association 'Combined, black and brown coal accounts for over 85 per cent of Australia's electrical power.'[71] By way of contrast, coal accounts for just 27 percent of electricity generation in the European Union.[72] This is a reflection of the fact that Australia makes no use of nuclear power to generate electricity, whereas in the European Union nuclear power supplies one-third of its electricity needs.[73] For example, in 2001, France had 59 reactors, accounting for 77% of total electricity generation; Sweden had 11 reactors, accounting for 44 percent of its electricity needs; the United Kingdom had 33 reactors, generating 22 percent of its electricity needs; and Germany had 19 reactors, meeting 31 percent of its electricity demands.[74] In a European Commission report, *Energy: Let us overcome our dependence*, it was noted that 'Nuclear energy makes a positive contribution to the Union's energy supply security. It produces only a negligible quantity of CO2, and thus helps in the fight against climate change.'[75] The EU is responsible for 14 percent of the globe's greenhouse gas emissions, and to the extent that it makes use of nuclear energy, its greenhouse gas emissions are lower than if it was to make use of fossil fuels instead.[76]

5.66 Australia has substantial reserves of uranium. Indeed, according to the Uranium Information Centre, 'Australia has over 40% of the world's lowest-cost uranium resources (under US$ 40/kg).'[77] If Australia made use of these reserves to generate

---

68 National Greenhouse Strategy, http://ngs.greenhouse.gov.au/action_plans/module4/index.html

69 Australian Government, *Tracking to the Kyoto Target 2003*, September 2003, p. 5.

70 ibid., p. 6.

71 Australian Coal Association, www.australiancoal.com.au/electricity.htm

72 World Coal Institute, *Coal Facts – 2003 Edition*, http://wci.rmid.co.uk/uploads/CoalFacts03.pdf

73 www.europa.eu.int/comm/energy/nuclear/index_en.html

74 International Atomic Energy Agency, http://www pub.iaea.org/MTCD/publications/PDF/cnpp2002/Documents/Documents/Annex%20II%20.pdf

75 European Commission, *Energy: Let us overcome our dependence*, 2002, p. 21.

76 ibid., p. 15.

77 Uranium Information Centre Ltd, Nuclear Issues Briefing Paper 1, *Australia's Uranium and Who Buys It*, February 2004, www.uic.com.au/nip01.htm

electricity, like the EU does, Australia's greenhouse profile would be significantly lower than is currently the case. Of course, nuclear energy presents challenges in terms of safety and the production and storage of radioactive waste that are not presented by fossil fuels.

5.67 Australia's abundant fossil fuel reserves underpin the nation's economic prosperity. Developing cleaner emissions technologies will be an important means of abating Australia's greenhouse gas emissions. Through Australia's clean coal strategy, COAL 21, there are a number of clean coal technologies being researched and tested, including ultra clean coal, integrated gasification combined cycle, oxy-fuel combustion, drying of brown coal, coal bed methane and geological sequestration. For example, there is an ultra clean coal pilot plant in Newcastle delivering emissions of less than one percent per tonne of coal. In order to promote global collaboration on zero emissions technology, on 18 February 2004, Minister for Industry, Tourism and Resources, the Hon Ian Macfarlane MP, launched the Australian Technology Roadmap. According to the Minister, 'The Roadmap sets out a definitive program for seeing the Australian deployment of new zero emission technologies within 15 years and evolution to a hydrogen economy within 30 years.'[78]

5.68 Australia's rate of economic growth has been the envy of the developed world. Higher rates of economic growth translate into higher energy consumption. Between 1992 and 2002, Australia's rate of economic growth has averaged 3.7 per cent per annum. Conversely, the average rate of economic growth across the OECD in the same period has been 2.5 percent per annum.[79]

5.69 It is important to note that Australia's greenhouse gas emissions per capita are, 'projected to decline by 12% over the period from 1990 to 2012 (from 32 tonnes per capita to 28 tonnes per capita).'[80]

Australia is committed to meeting its Kyoto Target and is on track to do so

5.70 Irrespective of whether or not the Kyoto Protocol is ratified, the Federal Government is committed to Australia meeting its Kyoto Protocol target of limiting growth in greenhouse gas emissions to 8 percent above 1990 levels over the period 2008-2012. Minister for Environment and Heritage, Hon Dr David Kemp MP, has said that 'The Howard Government is committed to achieving its Kyoto target while maintaining the competitiveness of Australian industry and protecting Australian jobs.'[81] Given the various factors outlined above, Australia's Kyoto target is fair.

---

78 Ian Macfarlane MP, Media Release, *Energy Sector Must Take on New Emission Technology*, 18 February 2004.

79 Parliamentary Library, *Monthly Economic and Social Indicators E-Data,* unpublished.

80 Australian Government, *Tracking to the Kyoto Target 2003*, September 2003, p. 12.

81 Hon Dr David Kemp MP, Media Release: *Australia Moves Closer to Kyoto Target*, 18 September 2003.

5.71 The Government's greenhouse gas abatement programs and policies have been effective in reducing the rate of growth of Australia's greenhouse gas emissions. Despite a strong and sustained period of economic growth, the 2001 National Greenhouse Gas Inventory (the latest available) found that Australia's emissions are at 1990 levels and Australia is on track to meet its Kyoto Protocol target. On the latest projections, Australia's emissions will be 10% over 1990 levels by the end of this decade. To reach the 8 percent target, further emissions abatement of 13 Mt per annum is required. Reducing land clearing rates in Queensland will be an important step in meeting the 8% target.

5.72 Without the suite of abatement measures, Australia's greenhouse emissions would have been 23% above 1990 levels by the end of the decade. It is expected that our current greenhouse programs will deliver annual emissions abatement of 67 million tonnes by 2008-2012. To put this into perspective, this is the equivalent of taking all of today's cars, trucks and buses off the road. Importantly, Australia's emissions per unit of GDP are projected to decline markedly, by 44 percent from 1990 to 2012, and by 2020 they are expected to be 52 percent below 1990 levels. Greenhouse gas emissions per capita are also projected to fall by 12 percent from 1990 to 2012.

Australia's greenhouse gas abatement programs and policies

5.73 Australia has a long-term climate change agenda, with four key elements. Firstly, Australia will seek a much more comprehensive global response to climate change than that provided by the Kyoto Protocol, encompassing all major emitters, regardless of the whether they are developed or developing nations.

5.74 The Government is firmly of the view that future global action must acknowledge the different circumstances and economic and social priorities of different nations. In particular, it is important that ways be found for developing nations to reduce their greenhouse emissions without affecting their rates of economic growth.

5.75 Australia is collaborating with the United States of America in addressing climate change via the Australia-US Climate Action Partnership. We are also co-operating with the European Union, Japan, New Zealand and China on climate change. Details of these bilateral partnerships are attached at Appendix 4. We have increased our level of climate change-related financial assistance to developing nations and pledged $68.2 million to the Global Environment Facility. Australia is also assisting Pacific nations to build their capacity to adjust to the consequences of climate change. This puts the lie to claims that Australia has withdrawn from international efforts to address climate change. In its submission, for instance, the Climate Action Network Australia claimed that, 'Instead of adopting Kyoto, the Australian Government has chosen to disengage from international processes.'[82] This

82 Climate Action Network Australia, Submission 33, p. 3.

statement also ignores that Australia has been an active and vocal participant at the Conference of the Parties to the United Nations Framework Convention on Climate Change, most recently at Milan in December 2003, which Australia's Environment Minister attended.

5.76 Mr Langman responded to assertions that Australia's decision not to ratify the Kyoto Protocol has adversely affected Australia's international standing and influence by saying that:

> I think the evidence is simply not there for that. My colleagues and I are on the floor of the negotiations in the UNFCCC and in other international forums, and I have not seen it. At the last climate change conference of the parties in Milan in December, Australia was asked to chair two of the major negotiating groups. Australia was successful in taking forward the two major practical outcomes from the meeting that were not related to rules issues. Australia is asked to participate in an extremely wide range of formal meetings on climate change and, importantly, in an extremely wide range of informal meetings.[83]

5.77 Secondly, Australia must achieve a lower greenhouse signature, whilst at the same time maintaining a strong and internationally competitive economy. In the Committee's view, the most important step the Australian Government can take with regard to the Kyoto Protocol is to show its commitment domestically to greenhouse gas abatement, yet without destroying the Australian economy. It is tempting to conclude that that is a price the professional environmental lobby is prepared to pay, because it is rarely them who is paying the price

5.78 Thirdly, domestic policy settings must be flexible but with sufficient certainty to allow decisions on investment and technology development, with an emphasis on cost effectiveness.

5.79 Lastly, where the consequences of climate change are already unavoidable, the Government will implement policies which assist with adaptation.

5.80 The Government has contributed around $1 billion to greenhouse gas abatement measures. In particular, technology innovation will drive significant gains in emissions reductions and the Government is encouraging the development of low emission technologies. The Government harbours strong hopes for technologies that clean up emissions from fossil fuels, particularly sequestration of carbon dioxide. For example, the CSIRO, through its Energy Transformed program, is working on zero-emissions coal technologies involving gasification and geo-sequestration of greenhouse by-products. It has been estimated that up to 180 million tonnes of carbon dioxide could be geo-sequestered (such as in saline aquifers) in Australia annually.[84]

---

83 Mr Christopher Langman, *Evidence*, p. 61.

84 Australian Greenhouse Office, *Greenhouse News*, Spring 2003, Vol 7, p. 6.

5.81 In the longer term, the development of the hydrogen economy holds out great hope for the achievement of substantial reductions in greenhouse gas emissions. The Government investigated the potential of hydrogen through a National Hydrogen Study, which released its report in October 2003, and the Government is currently considering its recommendations.

5.82 In order to promote the development of renewable energy, the Government has directed $10 million to the Renewable Energy Showcase Program, $56 million to the Renewable Energy Commercialisation Program, $31 million to the Photovoltaic Rebate Program, $17 million for the Renewable Energy Equity Fund and $180 million for the Rural and Remote Power Generation Program.

5.83 The Government's Mandatory Renewable Energy Target will generate an additional 9,500 gigawatt hours of electricity from renewable sources each year, including wind, solar and hydro, by 2010. To put this into perspective, this equates to two new Snowy Mountains hydro-electric schemes and is enough power to meet the residential electricity needs of four million people. This will result in the abatement of 6.7 million tonnes of greenhouse gases per annum by 2010.

5.84 Approximately 190 renewable energy power stations have been accredited and wind power has grown at 30% per annum over recent years.

5.85 To encourage the development and take-up of alternative fuels, the Government has introduced the $75 million Alternative Fuel Conversion Program to provide subsidies for the conversion of vehicles over 3.5 tonnes to alternative, less polluting fuels.

5.86 The Government is also working in partnership with the community, other levels of government and with industry to secure reductions in greenhouse gas emissions. It has been working with fossil fuel electricity generators to encourage them to implement Generator Efficiency Standards to improve the efficiency of their power plants. As at February 2003, 14 out of 18 medium to large generators have signed up to the Standards, and the remaining 4 have committed to doing so. This represents coverage of around 85 percent of Australia's electricity generating capacity. It is expected that the Standards will result in abatement of 4 million tonnes of greenhouse gases annually. Via the Greenhouse Challenge, the Government has been encouraging industry to reduce its greenhouse emissions by improving efficiency in both industrial processes and energy use. Over 800 organisations have signed-up to this initiative. The Cities for Climate Protection program is assisting 180 Local Councils to reduce both their own greenhouse gas emissions and also those within their communities.

5.87 The Government has also introduced measures to increase the energy efficiency of buildings and appliances. Via the Natural Heritage Trust and the National Action Plan for Salinity and Water Quality, the Government has been encouraging the preservation and rehabilitation of natural vegetation and the development of farm forestry. The Bush for Greenhouse Program is encouraging investment in greenhouse sinks and under the Plantations for Australia: the 2020 Vision, the Government has a

vision for the establishment of two million hectares of plantation forest by 2020, effectively trebling commercial forest plantations.

5.88 The $400 million Greenhouse Gas Abatement Program aims to deliver large-scale and cost-effective abatement measures across all sectors of the economy. It is aiming to cut greenhouse gas emissions by 27.5 million tonnes during 2008-2012. As of May 2003, 15 projects have been granted funding. For example, Envirogen has been offered $13 million to install generators to burn methane from waste coal mine gas that would otherwise be released into the atmosphere, to generate electricity at sites in NSW and Queensland. This will reduce carbon dioxide emissions by around 2.25 million tonnes. The La Trobe Valley Generators Group has been offered $11 million to improve the energy efficiency of brown coal before using it to generate electricity, resulting in abatement of 1.11 million tonnes of carbon dioxide.

5.89 It is expected that the Ozone Protection and Synthetic Greenhouse Gas Management legislation will result in greenhouse gas abatement of up to six million tonnes of carbon dioxide annually by 2010.

5.90 The Government is currently developing a Climate Change Forward Strategy.

5.91 Proponents of the Kyoto Protocol hold the view that Australia's ratification of the Protocol would show the world that it was a model citizen, serious about addressing the issue of climate change. The Government believes that its practical adaptation measures and other policies to reduce our greenhouse signature are a sufficient proof of its environmental credentials – it does not feel the need for symbolic gestures when its track record is indicative of its serious intent.

5.92 The following table is extracted from *Tracking to the Kyoto Target 2003* and gives an indication of greenhouse abatement measures by sector.

Sector	**Programs delivering emission savings**
Stationary Energy	Government/Industry/Community Partnerships: Greenhouse Challenge, Cities for Climate Protection, Household Greenhouse Action Energy Markets: Energy Market Reform, Programs supporting the uptake of Renewable Energy in Power Supplies (including the Mandatory Renewable Energy Target, Green Power and others), Generator Efficiency Standards, New South Wales Greenhouse Benchmarks Scheme, Queensland Cleaner Energy Strategy Energy Efficiency: Minimum Energy Performance Standards for Appliances, Energy Efficiency Provisions for Buildings, Energy Efficiency Best Practice Other: Greenhouse Gas Abatement Program, Greenhouse

	Friendly Program, other various State and Territory measures, Local and Australian Government greenhouse reduction actions
Transport	Environmental Strategy for the Motor Vehicle Industry, Alternative Fuels Program, Greenhouse Gas Abatement Program, other various State and Territory measures
Fugitive	Projects under Greenhouse Challenge directed at capturing waste coal mine methane for electricity generation, Greenhouse Gas Abatement Program, Greenhouse Friendly Program
Industrial Processes	Projects under Greenhouse Challenge primarily directed toward reducing usage of perfluorocarbons in the aluminium industry and the new Ozone Protection and Synthetic Greenhouse Gas Management Legislation
Waste	A range of initiatives including electricity generation from landfills
Agriculture	A range of initiatives including development of livestock rumen modifiers
Land Use Change and Forestry	A range of initiatives including Plantations 2020 and Bush for Greenhouse
GGAP	Projects under the Greenhouse Gas Abatement Program occur in a range of sectors

Source: Australian Government, *Tracking to the Kyoto Target 2003*, September 2003, p. 14.

5.93 To sum up, Australia should not ratify the Kyoto Protocol because it is not in Australia's national interest. The Protocol represents a flawed response to climate change that excludes three-quarters of global greenhouse gas emissions from its scope,

will deliver global greenhouse gas reductions of only around one percent, does not require developing nations to meet binding targets, and is potentially damaging to Australian industries international competitiveness. What is required is a genuinely global response to climate change that will deliver meaningful reductions in greenhouse emissions. Unfortunately, the Kyoto Protocol falls woefully short of this.

Recommendation

5.94 The Committee recommends:

> **That the Kyoto Protocol Ratification Bill 2003 [No. 2] not be proceeded with.**

Alan Eggleston
Chairman