

Recorded live, 25 August 2021

Green Recovery VS Gas-Fired Recovery: Trading Away Australia's Climate Ambition

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Ebony Bennett [00:00:04] Hello everyone, I'm Ebony Bennett, deputy director of the Australia Institute, and welcome to our webinar series. I'd like to begin by acknowledging that I live on Ngunnawal and Ngambri country here in Canberra, and pay my respects to elders past and present. Sovereignty was never ceded and this, always was and always will be Aboriginal land. A reminder that we like to do these webinars at least weekly. Sometimes more days and times do vary. So head on over to Australia Institute dot org. Don't allow you to find all of our upcoming webinars and sign up to those. And just a few tips before we begin to help keep things running smoothly today. If you hover over the bottom of your screen, you should be able to see a Q&A box where you can ask questions of our panellists today. And you should also be able to make comments on other people's questions and upvote them. Please keep things civil and on topic in the chat or we'll put you out. We don't have to do it often, but we will if we have to. And finally, a reminder that this discussion is being recorded and will be posted up on our website and YouTube channel within about twenty four hours. So if you need to check out, you can probably find it a bit later as we're bringing this session to you today, over 60 percent of Australia is under strict stay at home orders. Michael, who's joining us today, I believe, is in quarantine like a number of camp barons. And that's in response, obviously, to the rapid spread of the Delta variant throughout our community and has covered has really ripped through the world. Governments everywhere, including Australia, have been scrambling to not only contain the virus and manage the pandemic, but also looking ahead to the economic recovery with plans for stimulus packages with trillions of dollars and from the International Energy Agency through to the United Kingdom's prime minister, leading economists everywhere calling for a green economy economy sorry, a green recovery that builds back better by cutting CO2 emissions, as well as boosting the economy. And in recognition of this, the European Commission has really set the standard for the rest of the world with its green recovery package. It's a suite of policies that aims to both rebuild virus ravaged economies and tackle the enormous threat of climate change and the climate emergency. The Green Recovery Fund will support greener transport, cleaner industry and facilitate a just transition

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moving co-dependent regions away from fossil fuels. Australia's answer looks quite a bit different. We're investing heavily in a gas fired recovery here. And it was around this time last year that our Prime Minister, Scott Morrison, advised by a team that included quite a few gas executives, announced that the best way for Australia to bounce back was essentially to give billions of dollars to private gas companies to open new gas fields. And that was going to be our path to economic recovery. So today's discussion is a timely one, given the recent IPCC report looking to compare Australia's approach to climate and foreign policy with that of the European Union, starting with the climate recovery, but obviously touching on other things like trade and multilateralism. And to bring us that European perspective, we're lucky enough and delighted to be joined by Cecilia Malmstrom, who served as the European Commissioner for Trade from twenty fourteen to twenty nineteen. And before that, as European Commissioner for Home Affairs, Cecilia has devoted the better part of her career to global affairs and international relations and has extensive experience from multilateral leadership and cooperation. I can think of no better person to provide us with some insights into the EU green deal and other aspects of climate ambition in the EU. And Michael Brissenden is a journalist turned novelist who many of you will, of course, know training in today. Michael has worked for the ABC for more than 30 years. As both a journalist and first foreign correspondent. He began his career covering federal politics and has recently been a correspondent in Moscow, Washington and, of course, Brussels as the ABC's European correspondent. And finally joining us is Ritchie, museum director of the Australia Institute's Climate and Energy Programme, which he is a former Australian government representative to the UN climate negotiations. And he worked at the Departments of Climate Change and Foreign Affairs for almost a decade on both domestic and international climate agendas. Thank you all so much for joining us today and especially to you, Cecilia. I know it's quite early in the morning where we say we really appreciate you joining us. Thanks, everyone. Cecilia, if I can start with you. I mentioned briefly in my introduction, but you're probably the best place to explain to us here down under exactly what that European green recovery deal looks like. Can you just take us through some of the major elements of it, if you wouldn't mind?

Cecilia Malmström [00:05:03] Yes, thank you. Good afternoon, everybody. Thank you, Ebony, and thank you so much for inviting me. I'm joining you from from the West Coast of Sweden. It's seven a.m., but I've had my coffee, so I think we'll get through this really looking forward. Well, the green deal is a sort of strategy to make sure that the EU is a competitive, sustainable society where the economy is still competitive, but where we live up to the big commitments that Europe has done in the Paris agreement, for instance, and also adding to that, to reducing greenhouse emissions by 55 percent to 2030, by not having any emissions by 2050, meaning that we would be climate neutral by 2050. That's the aim at having 40 percent renewable energy by 2030. So in order to do that, just as you alluded to, you need to do a lot of things. You need to have a cross disciplinary approach when it comes to industry, when it comes to investment, when it comes to housing, transport, agriculture, research, etc.. So the green deal is a sort of package of different proposals, legislative proposals in order to do that. And many of them were proposed just a couple of weeks ago. It was called 54 55, which is not a bootcamp for Middle Ages. As many thought, it is the way to fulfil our commitments with a 55 percent reduction reduction, 55 percent the in order to do that. There's a one point three trillion euro investment from the recovery plan, which is the Post Corona plan and also a seven year budget for the European Union that supposedly could create up to one hundred sixty thousand jobs by 2030. Now the laws are on the table, the goals are there. They are set, but the laws are the proposals on the table. So they will be negotiated between the member states' ministers and the European Parliament. So we're still not there. We

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can expect some quite interesting negotiations because, of course, they are conflicting views on how to do that in different member states, have different energy mixes and different different parts of departure. And of course, some countries have been worse structured than others from the pandemic. We are still also suffering from from the Delta variant. So there will be some tough negotiations. But the EU is committed to be leading to hopefully together with other partners, the global leaders here. And we hope that this will also set pressure on other countries as we are approaching the Glasgow summit, the COP 26 in November.

Ebony Bennett [00:07:47] Thank you. I can see we've got nearly a thousand people on the line today. Thank you so much for joining us. Michael, I'll come to you next. Even if all those elements of the package that Cecilia just outlined haven't all been passed yet, so to speak, the ambition of that strikes me as very much in contrast to the kind of recovery that Australia is contemplating. What do you what are your comments on that, I guess?

Michael Brissenden [00:08:15] Well, yes. Our answer is, as you highlighted before in your introduction, is essentially a gas fired or gas led recovery, which is basically our post covered a prescription for a post covid recovery, which is going to rely heavily on investing a lot of money into the gas industry. And we find ourselves in Australia in a sort of fork in the road. I think we either make a decision whether we we invest in fossil fuel technology, which is going to ease us slowly into a renewable future, or we invest heavily in a renewable future and move very fast to to the sort of point that Europe is heading and the sort of point where we're going to need to hit, I think, very quickly anyway. So the costs of us, of not actually doing that are huge. And we have a responsibility to to do that, to get through that transition as fast as possible. And I'm not sure that the well, I don't think that the that the answer, as prescribed by the Morrison government, which is to invest more heavily in more fossil fuel technology to get us to this other point is the right way to go. You know, we're at this fork in the road and we have to make some some big decisions about how we how we manage it. But to think that we as a country can actually dictate our position in a sense is is wrong because the rest of the world is moving so much faster than we are. And we're not really in a position, whether we like it or not, to dictate how the world treats us and the costs to us. The consequences of not acting fast and of not following the rest of the world are enormously. Not enough discussion has been had in this country about what are the costs here for us not doing the sorts of things and not following the lead of of the EU and quite possibly the United States and Joe Biden and who knows who else. Very quickly after that. And I think things are moving so fast and we're still treating it like it's 1999 or 2002. In fact, so much has happened in the last 20 years. Technology is moving so much faster than politics. And, you know, we need to be we need to be on that boat. We need to be we need to be there with the rest of the developed industrial world or we risk being left behind.

Ebony Bennett [00:10:44] Richie, are we going to be left behind?

Richie Merzian [00:10:47] We could very well be left behind if it's between a fit for fifty five or a gasified recovery, I know which slogan I'd take. But ultimately this is all being led by the science and the scientists coming out, as the IPCC have said and said, that we're already going to hit one point five degrees of global warming. Everyone needs to do more. The European Union have responded by upping their game. All G7 countries have done the same. And all Australia's trade partners, China, Japan and South Korea have all taken on a long term commitment to phase down fossil fuels. And they're the major recipients for the majority of Australia's coal and gas. And so

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change is coming to Australia and the best way to respond would be to seize the opportunity to smooth that transition out. That doesn't seem to go down the path of a gasified recovery. Rather, it would be actually planning for this transition, ensuring that Australia is changing its carbon footprint and building on the industries of the future. And that would be the real opportunity here that we're missing out on, building on those rare earth minerals that go into battery manufacturing, actually smoothing the transition to electric vehicles and building these huge solar and wind farms that we have the space to build. Those are the opportunities I would love to see.

Ebony Bennett [00:11:58] Yeah. And of course, the Australia Institute has done quite a bit of research that you can find on our website at Australia Institute dot org IUE debunking some of those myths around just how many jobs would be associated with a gas fired recovery. It's not that many. I'm Cecilia. I'll come back to you. You've obviously got a strong belief in multilateralism and free trade and a history there in Australia. The discussion often talks about tackling climate change is coming at the expense of the economy at being a barrier to trade. Can you kind of take us through your experience and lessons in free trade agreement negotiations and how trade can help tackle climate change?

Cecilia Malmström [00:12:41] Yes, thank you. That's a very important discussion, and we are right in the midst of this European Union as well, and of course, trade in itself doesn't create a sustainable society, but it can contribute. And this is also acknowledged by the United Nations 2030 ambitions to see that that trade can actually be a way to fight poverty, to create new opportunities, and thereby also fighting sustainability, promoting sustainability. But you need to do it in a smart way. You need to also make sure that this is included in the broader strategy of transport. For instance, you need to look at transport. 90 percent of all traded goods are transported on ships shipping. So you need to address this because shipping is a big source of emissions. So we are now proposing to include the whole maritime industry and the airports, the aeroplanes into the system, the emission trading system of the European Union and hopefully globally as well, because they were excluded before. So that you need to do since quite a long time. The European Union has also included specific chapters in our trade agreements on sustainable development, referring to international conventions. The Paris Agreement, the International Convention on Illegal Logging on Endangered Species, for instance, and those are included in the trade agreement and trade partners with the European Union. Sometimes it's easy, sometimes it's more difficult to get them onboard, are committing to do that to respect those international conventions, but in addition also not to trade at the expense of the environment or some some basic social like respect for the basic ILO conventions. For instance, you cannot use trade to do social or environmental dumping, for instance. So you need to see how you can go above this. And also, trade is not only exchanging goods and services is also connecting people to each other. So by increasing your cooperation, you also have other positive effects on that. You engage, for instance, in common research projects. The EU and Japan are engaged in quite a lot on how how to green the maritime sector, for instance, and that came as a result of close contact in renegotiating trade agreements. So these things are important. I know that my successor, Commissioner Dombrovskis, is also looking at how can trade agreements even more include the green dimension? How how can we take a bigger responsibility? Because consumers, citizens all over, they expect companies who are traders to take a bigger responsibility to show their ecological footprint, to do a sustainable trade as much as they can and also be accounted for. So there's a huge pressure there. And many companies are, of course, already doing this and they're doing fantastic things. But others need a better push. And then, of course, we need to work

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globally. There was a couple of years ago negotiations in the WTO on an agreement called the Environmental Goods Agreement that involved around the whole E.U., the 27, the US, China, Australia was in and several others. And the attempt was to see if we could take away tariffs on goods that could be used for environmental purposes, could be anything from sewage systems to solar panels to to different kind of technology. And the aim was to start with a list to take away tariffs, to make it less expensive to trade with environmental goods, but also then at a later stage include services. Unfortunately, that was stuck in 2016 for a lot of reasons, but it's still there. And I feel that there is an appetite amongst many countries to resume those negotiations. And that would be a very good thing as well, because then we could get multilateral agreements on this. And WTO is right now with this new Secretary-General, Dr. Ngozi, looking at how WTO can work more on the sustainable sustainability issues. I think we will see some proposals coming from from there in the short term as well.

Ebony Bennett [00:16:47] Michael, Australia tends to talk a lot about technology, not taxes. Do we see that same kind of trying to combine trade and climate policy outcomes in Australia's approach?

Michael Brissenden [00:17:00] Well, no, not really. In fact, we see it as a bit of a threat actually at the moment. And I think this is one of the big challenges for for Australia as the rest of the world does decide to act in this way and actually put potentially punitive tariffs on on countries like Australia who don't actually do enough to to meet the sort of demands that the rest of the world needs and wants heading towards 2050. So I think, you know, we can talk about technology and not taxes domestically as much as we like. But the truth is, we're part of a global approach to this and. We can't isolate ourselves from it, which is in a way, sort of what we're doing with this domestic political discussion. But the government's response to this has also been, well, internationally, the idea of of of tariffs is a punitive measure, which is which is which which is not in accord with WTO rules and engagement. I think that's an argument that isn't actually going to wash with the rest of the world. I mean, it it's an argument that's designed for domestic political, domestic political audience. But actually, we're playing in a big global environment here. As Cecilia was saying, you know, individuals and communities and countries and populations are expecting companies to move much faster than they're expecting, than their governments are even moving. So, you know, industry, companies, corporations, all of these things, all of these sectors, they're moving and the technology is moving them as well. So for us to sort of sit back and say, well, we're going to rely on technology, not taxes here, to do something political domestically isn't going to work in the long term in a global sense. So, you know, I think technology is fun. And I think obviously technology is driving change very fast. But you need to also couple that with incentives, with with reasons to act. You need to push companies to act. You need to push politics to act. And we need to be part of that discussion. We're not part of that discussion. We're going to be left behind.

Ebony Bennett [00:19:20] Cecilia, I'll come back to you, because that makes me think of the common border adjustment mechanism that the recently introduced. I think the US Congress is now considering something similar as is Japan. Australia is really pushed back quite strenuously on this idea, as Michael said, kind of trying to label it as protectionist and contravening WTO rules. What's your response to that?

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Cecilia Malmström [00:19:47] I think there is a growing consensus in the world amongst scientists, amongst international organisations and governments that you need to tax carbon, that is the most efficient way to deal with it, then you can do this in different ways, of course. And ideally, we would have a global carbon tax that would be the best and the most efficient. But we're not there yet. And I can imagine quite a lot of difficulties reaching there in negotiation. But what the EU has proposed, and you're right, the US Congress has proposed something similar. I think there are discussions in Canada and Japan, even in and in China, they are modifying their system. So what the EU has proposed this summer is a mechanism to tax.

Ebony Bennett [00:20:32] Well, for a bit. Richard, are you there? We go back. We got lost. So the explanation of the proposal to tax.

Cecilia Malmström [00:20:45] OK, I'm sorry, I don't know what happened. The problem is meant to tax imported goods such as steel, cement, aluminium, fertilisers based on their carbon footprint. So because EU producers, they pay a fee on this so that it would be a level playing field, there would be no discrimination, so they would pay the same fee as as this would be calculated according to to quite advanced system. So it's still a proposal. It has not been accepted yet other as as a general idea. So it will have to go through the member states and the European Parliament. But the proposal is expected hopefully to be in place by 2026 because there will be a transition time in order to have a dialogue with with friends and allies and then third parties to make sure that that it works. And of course, the idea is to push other producers to reduce their emission levels so that we globally would all gain. Now, there are discussions that this is a protectionist measure can assure you that in Brussels there been an army of lawyers looking at this from a WTO perspective. Of course, it hasn't been tested. So I can't I can't really, really judge. But it is designed in a way that it should not be discriminatory. The same way for the importers pay the same as as the EU produces. So I think this is a good way and the EU would love others to do more or less the same because it would be quite cumbersome if we have a variety of different carbon taxes in the world circulating at the same time. This is confusing for traders and it's not the most ideal, but lack of a global approach to this. Someone has to has to move first and hopefully this will be in place in a couple of years. It will be debated. I have heard the screams of protectionism, but the idea to tax carbon in this way is less and less contested. I would say,

Ebony Bennett [00:22:51] Richie, if that does ultimately pass and certainly if Australia's other big trading partners like the US and Japan are contemplating similar things, what are the implications for Australia?

Richie Merzian [00:23:04] So the Australia Institute deep dived on this issue and found that there's about 20 billion dollars per annum of goods that are emissions intensive and trade exposed. And there are some within that that are falling foul of the European scheme. So aluminium alongside aluminium makes up 12 billion dollars worth of those trade exposed, high polluting goods. And those are industries that are almost entirely for export. So Australia is exposed. And while not a lot of that, not a lot of those goods go to the EU, they do go to other trading partners that are seriously considering this. So really, the EU is the first domino to fall. The UK, the US, Japan might follow China as we heard there. Then suddenly there's a large portion of our exports that will be exposed and the best thing Australia could be doing would be dropped. This protectionist rhetoric, as Cecilia mentioned, is an army of lawyers. But more importantly, the WTO former head Pascal Lamy has said the trade rules are a compass, not an obstacle for how you do this. And so the best

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thing is the Austrian government could do would be to engage constructively shape how this is going to be formed, shape how that the rules are actually implemented at the border.

Michael Brissenden [00:24:16] Be positive.

Richie Merzian [00:24:17] Yeah, exactly. And also shape where the revenue is going, because if you think about it, this is probably the worst carbon tax for Australia because Australian companies that pay to a foreign trading bloc who will then reinvested in making their economies more competitive. So the best thing we could be doing is engaging constructively and then coming up with our own scheme here, because we know carbon prices work. We had one. It reduced our emissions. Our economy grew. So we should be engaging constructively in shaping these policies rather than just pushing back.

Ebony Bennett [00:24:47] Cecilia, the EU has set fifty five percent emissions reduction target by 2030, and recently the German ambassador in Canberra said all countries need to do more or should do more. Is it really fair to expect the EU to do more after just increasing its efforts when countries like Australia have targets that are half as strong, or to expect that developing countries increase their efforts while they're still trying to pursue, I guess, basic development goals?

Cecilia Malmström [00:25:20] Well, I think the recent development, the last month with floods, with the fires, forest fires, with droughts, with huge catastrophes and the IPCC report clearly underlining that this is created by humanity, shows that we all need to do more. Ideally, you would need to do more as well. But 55 was the it was where the limits were for political agreement. This was very complicated and a lot of long nights negotiations in order to get there. But we're trying to top this as well. I mean, there's a recovery fund after the pandemic. And it says very clearly there that 37 percent of the money that is grants and loans to all countries, depending on a formula, I'm not sure yet. They need to be dedicated to green investments. So we try to introduce it in in all sectors in order to to contribute to that. So, of course, we do need to do more. But for the moment, this is probably what can be achieved. Let's see what happens in Glasgow. Every country needs to do more and the rich countries need to help the poorer countries, as has been agreed in the past. And we'll see again what what happens in Glasgow. The biggest economies and the biggest polluters needs to do. Even what China needs to do much, much more than it has committed, has committed to a vague goal. But nobody really knows how it's going to happen. The US is getting that on board. Australia is a big economy, a big emitter. You need to do more as well. We all need to do more because it's not about I mean, finding, you know, one percent here or one percent there. This is the most urgent global crisis we're finding ourselves in and we don't have much time.

Ebony Bennett [00:27:09] Michael, is there much hope of Australia lifting its targets, given, I guess, the diabolical internal politics that the prime minister is facing?

Michael Brissenden [00:27:20] Yeah, look, I mean, 55 per cent by 2030 seems incredibly ambitious from Canberra, doesn't it? And given where we've been in the sort of discussions that we've had in the sort of fractious politics we've had over this issue over the last 15 years or so, it's very hard to see us getting anywhere near that. Certainly by 2030, when we're struggling, we'll be struggling to get to the net zero by 2050 target. But I do think there are there are signs that Morrison is going to go to Glasgow and actually have said something before that I think the politics has changed quite

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considerably in the last few years. You know, even Barnaby Joyce is sort of the National Party seems to be. Equivocating a little about, you know, certainly giving Morrison a little bit more room about, you know, manoeuvring around this 2050 figure. The 2030 target, it's going to be fascinating to see what comes up from the Labour Party before the next election. How much of a sort of touchstone political issue that becomes and whether the politics actually has really changed and people are really engaged in in that argument. You know, I mean, one of the challenges we've had in this country is convincing Australians that there is benefit in making this transition, that that there is actually so much to be gained in making this transition, particularly here in Australia, despite the fact that it is going to have a big impact on our own, some of our traditional industries. There's no doubt about that. But the gains that we can make, the jobs that we can create, the money that we can, the business that we can create by doing that. That's the argument that needs to be needs to be prosecuted in our political sphere. Going into this next election will be fascinating to see whether the Labour Party rises to that challenge and actually starts doing that and and proposes a much more ambitious 2030 target than we've seen from this government, which is, you know, as you say, less than half or most of the 55 by 2030 target. So there will be a lot of global pressure leading up to Glasgow. And that's also coalescing around our federal election, which is going to happen very early next year. So there are a lot of pressures on our politics, which are sort of unique in this whole argument that we've had over the last 15 years. And I hope that actually we will see some real change in sort of policy prognosis is put forward to the Australian people and that it will become an issue in our political debate that actually sort of moves forward rather than one of them, rather than the sort of regressive negative it's been in the past. It needs to be seen and painted as a positive.

Ebony Bennett [00:30:12] Yeah, Richie, I mean, Michael's gone a little bit into the politics there, but in many ways a kind of a net zero by 2050 target is quite easy, essentially for the prime minister to argue in terms of actually achieving it when we know all the states are already signed up to it. So in many ways, 2030 really the target there is the battleground. Would that be right on the road to Glasgow?

Richie Merzian [00:30:35] Yeah, that's quite right. There's a real risk with net zero by 2050 if it's not accountable. And we've seen this with some state governments having a target of net zero by 2050 and then approving new coal mines or approving new gas fields without any real way of justifying how that will tamper and and tape down to to that point of no more emissions, no more fossil fuels in less than 30 years time. It's why President Biden has said this is the decisive decade. What we do now counts. Every tonne now counts. In fact, the IPCC came forward and said what's particularly important is lowering methane emissions and methane is mainly natural gas. So it makes a gas fired recovery team even more crazy. With Australian Institute research show that if Australia wants to keep up with its allies like the US, like the EU, then at the very least it should double its 2030 target from twenty six per cent to at least 50 per cent. And but really it should be much further than that. And the technologies are already there. So this is not some reach of technological feats. This is really a political will decision and ultimately that can be solved within our current parliament if there is enough push to do so.

Michael Brissenden [00:31:47] Well, I think we need to be realistic about the politics of this around around this issue in Australia. I mean, you know, Wassily was saying they had a lot of argument there about getting to 55 per cent and that was as far as they could get. Personally, I don't think at this stage in Australia we can get anywhere near that domestically. I think it's a it's a

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fine ambition to have. But I think we should concentrate on getting something, you know, concrete that actually is achievable in the short term for Australia to be part of this, the international discussion of the momentum.

Richie Merzian [00:32:18] And so. Sorry, sorry. One basic thing there, which is often overlooked because fossil fuels aren't mentioned in the Paris agreement, the supply of fossil fuels aren't mentioned. But we can't really have a transition in Australia if we're still growing the problem. So a simple first step would be no more coal mines, no more gas fields, no more oil fields. That would be a great first step to just at least start the transition without growing the problem.

Michael Brissenden [00:32:45] Sure. And I think something like Peterloo is going to push its way over, you know, I mean we just, we would not get there if we developed big fields, big gas fields like that that's for sure.

Ebony Bennett [00:32:55] Yeah. So we might go now to questions from the audience. I can see we've got over 1100 people on the line with us. Again, thanks so much for joining us and. A number of questions here, we won't be able to get to all of them, but we hope to get to certainly more than a few. I've got actually here more than a few questions on the Beatles basin. So one here is from Bob Casey saying, As a 40 year veteran of the oil and gas industry, the gas Labor recovery does seem a fantasy. CSG hasn't delivered enough to meet the current contracts and yet keep investing in this same problem. Where is the question here? Actually, that's more of a comment. So the other question was from Thomas Nulty says, What can be done to persuade the ALP not to support fracking in the Beatles basin? In the end, Richie, I might give this one to you in the first instance.

Richie Merzian [00:33:49] So and this is obviously timely for our international guests today. The Australian parliament has has waived through regulations that give additional subsidies, about 50 million in support for the gas companies to open up new gas sites in the Northern Territory. And this is controversial because a lot of the subsidies are going to companies that have links to the current government and also. And also said that there's also issues there as well right now the federal government is doing this and it doesn't seem to be a strong opposition to it from a major opposition party. And I think the way that that's happened is because the interpretation of the 2019 federal election is that climate change was a liability for the opposition, not an asset. And so since then, we haven't had much by way of policy from the opposition party, which would ideally push the federal government to do more. I think right now we're seeing a change. I think the IPCC report is a good example of that. And I think just last week, the shadow cabinet for climate, Chris Bowen did a speech for a climate event where he signalled that 2050 is not good enough and in the current 2030, target is not good enough. So this signals the opposition is going to go the right direction, but they're not there yet, and that's allowing the federal government off the hook. What we need to see is commitment from the federal government when you see commitment from the opposition. And we also ultimately need to see a lot more people really taking this up as the central issue for the next federal election. Hopefully Glasgow in November is a good example of that. And hopefully the international pressure is also a good example of that, too. Just on the weekend, you had the U.K. climate minister, who'll be the president of Glasgow, literally pressing the button and blowing up a coal fired power station in the United Kingdom. But in Australia, you have Australian energy ministers considering a new subsidy for coal fired power stations and many energy companies put an open letter in The Australian Financial Review today pushing back on

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that. These are companies who haven't ultimately engaged in that public debate, but have decided that now is the time to step up. We need a lot more voices to raise the volume and show that climate change is a major issue and that really it's no longer something that's off limits because it's political, but it is something that is of existential importance and everyone should be talking and raising the issue.

Ebony Bennett [00:36:17] And the next question is for you, caecilians from Tom one, he says, If Australia continues to subsidise fossil fuel expansion while key parts of the OAC day like the US and UK and European countries are ending them, what could be the consequences for Australia? And should organisations like the OAS a day that promote action on climate change be pushing for an end to fossil fuel subsidies?

Cecilia Malmström [00:36:47] Well, that is a different, difficult question, of course, because it is about autonomous decisions, though Essid has in the past and will certainly continue being one of the biggest proponents for for fossil free and carbon neutral economies and are trying to do that in a way that's increasingly emerging economy and ecology to see what can be done and are measuring and comparing countries. And those comparisons are already there. So you can see who does what and at what expense sense and of course, the pressure to do that. There are different discussions on how you can calculate this in more globally. Competitive measures are very present in the city today, but also in international organisations. I think the global pressure will be tough on on many countries, Australia, but also China, as I mentioned, to do much more to come in line with what other economies are doing because there's no turning back. It's not like another election in Paris or Germany. And we will change track. No, it's not going to go back. You need to ally yourself with the big companies and to make them understand that this is the way forward and it can actually be profitable. I mean, yesterday, I think the big shipping company most announced huge investment in carbon neutral container ships that they are going to do. Big steel producers in my country, for instance, are trying to do carbon neutral a steel production because they think this is going to be beneficial. It will be a little bit more expensive in the beginning, but this is what consumers will ask so they can take it back later on on goodwill as well. So while it's not for me to tell how the Australian government should should do this, but but it is becoming more and more isolated and we need to work together to get this done.

Ebony Bennett [00:38:45] Thank you, Michael. Did you have any comments on that, the potential blowback if Australia keeps fossil fuel subsidies expanding?

Michael Brissenden [00:38:55] Well, I think the one thing that, you know, Cecil is talking about there, about the potential for sort of a green development and green and the expansion of more green industries or the green invocation of existing industries is a huge potential for Australia. I mean, we know that if we can get on board with the and there's quite a lot being done here. It has to be said about, you know, green steel production. This sort of stuff is going to be a very, very important industry globally. We have an extraordinary opportunity here as a country to get ahead of this, to start doing so when we've got all these natural resources here. You know, we have the renewable technology, we have the resources. We can actually start really doing this in a big, big way, a much bigger way than just about any other country we're talking about. That's where we should be focussing. You think I mean, these are the opportunities for us, right? This what's happening in the world presents an extraordinary opportunity for Australia. That's the story we need to be talking about. That's the way we need to be approaching it.

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Ebony Bennett [00:40:07] Thank you so much. The next question that I've got is maybe one for you, Richie, it's from Ann Jackson. It says, Given that the federal government is out of sync with most Australians in its stance on dealing with climate change, would it be feasible for the states as a body to go it alone and embrace the target in line with major economies and make that transition?

Richie Merzian [00:40:30] We've certainly seen it before, but all the Australian states coming together to talk about a potential carbon price or emissions trading scheme, and this was the precursor to how we've been taking that position. And then, of course, we have a twenty two thousand seven election in the US with Trump. You had all the states that wanted to see climate action come together in the we are still in movement. And when you have states like California, what like the sixth largest economy in the world, it can make a major difference. So states can certainly lead. And we're seeing a lot of action because of the states, including coalition state governments. I like to remind people that it's actually the coalition state governments that are the most ambitious on renewable energy. New South Wales. Twenty twelve gigawatts. South Australia is going to get one hundred percent renewables by the end of the decade. Tasmania was a good two hundred percent. They're all coalition governments. So there's nothing ideological as a government from a coalition side of the spectrum to pursuing climate policies. However, there is something that the federal government is firmly in charge of and trade is a good example of that. And that's why I think it's so important to match up trade and climate. And it would be interesting to hear from Cecilia because the EU is negotiating a free trade agreement with Australia right now and the 12th round of that negotiation is taking place later this year. But I believe the negotiations might have started when Cecilia was in charge of the EU's trade commission. And still, we don't have a trade sustainable development chapter that's publicly available for everyone to consider, like what are the opportunities for trade ministers to really push climate change? And what could you do to, in a sense, push Australia to do more on the trade front on climate as well?

Ebony Bennett [00:42:13] Cecilia, did you want to respond to that?

Cecilia Malmström [00:42:16] Yes, of course, yes, I had the great honour and pleasure to launch negotiations when I was in Australia in July 2018. I think it was. And as you said, there was a last negotiation round this June. And there's another one. I don't think there's a date yet, but it's planned later this autumn. I think October. So it's October. Yes, probably. That makes sense. So there are regular meetings, of course, which has as delayed some of it, but especially between EU and Australia. It has happened online anyway. So they used to do that. So it's advancing. It's going forward. The EU is publishing its proposal. The draught is online, the mandate is online. The proposals are online. The sort of background material is online to be seen, I think, a sort of normal trade and sustainable development chapter. You can find that as well. These are usually negotiated and finalised in there. So it's not nothing peculiar with Australia because they are tricky. You need to refer to some international conventions, but then you need to sort of find the balance between the different trading partners. So it's nothing peculiar with this being later in negotiations. But of course, there are some red lines there that without them being there, the agreement once would not be accepted by member states, but particularly the European Parliament, who attaches great importance to make sure that there is a reference of binding, legally binding reference to the commitments made in the Paris agreement, possibly Glassco agreement, whatever happens there, and some other international agreements as well. So

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without that, there will not be a trade agreement. And the so so I presume negotiations they would continue, but that there will be some basic lines from the European Union line. And then, of course, Australia has some red lines as well.

Ebony Bennett [00:44:10] We kind of touched on there, Cecilia, some of the political divisions that we've seen within Australia, particularly at the federal level of government, but across the European countries and certainly in a lot of the Nordic countries, we see, I think, greater level of political consensus around climate action. I just wonder if you could comment for us. Is that do you think due to the fact that you have much more kind of coalition governments and minority parliaments where multiple parties are forced to work together? Does that kind of help to converge consensus to forge consensus or make it more difficult? Do you think that has any impact on why you're spending so much more successful than Australia at negotiating this?

Cecilia Malmström [00:45:01] I'm not sure you can draw that conclusion. We just had a major government crisis in Sweden a couple of weeks ago, and coalition governments these days are the norm. So people have to to to negotiate. But there seems to be a growing acceptance amongst most parties, at least those who are at the centre, a legitimate right of the centre, left of the centre, that these are important things because the voters are articulating this, even if they are not massively voting for green parties in all countries. They are expressing that these are important things for us. Of course, as politicians, if you want to be elected, you have to listen. And that doesn't mean that everybody has embraced it. But these are the main line. And in the Scandinavian countries and in my country, for instance, I mean, we had a carbon tax already. Ninety one and the other Scandinavian countries have as well. I think the Dutch has it and the UK a slightly different one. But that and that came about even long before the U.S. system and that then the Swedish tax has sort of been incorporated in that. And that was controversial at the time that has shown that despite this, Sweden, Norway, Denmark and others have had an economic development that has not been hindered by this tax, but it has had concrete effect in reducing, for instance, the district heating in housing who have moved the what's the word in English or in boilers have have reduced almost 90 percent and been replaced by district heating. And the economy has grown. Industry has reduced its emissions. It's, of course, difficult to exactly calculate what is the concrete effect of that and the fact of the system, but it has not harmed the economy. So that is not really an issue. And so for the moment, this is growing, this awareness also in countries like like Germany, like Spain, Italy, France, we have seen the terrible floods in Germany, Belgium, Luxembourg and a few other countries also in my country, the summits, of course, this contributes to a pressure on politicians to do more.

Ebony Bennett [00:47:16] Yeah, certainly, I've got a couple more questions in here, really around Australia's so-called gas fired recovery. I wonder if I could come back to you on. I guess whether or not there is one is certainly a lot of talk about it, but there's not much evidence for one. What's the state of our so-called gas recovery at the moment?

Richie Merzian [00:47:40] Yeah, it's it's been a bit of a dud, really, to some extent. In part, the reason why we have a gas fired recovery is because the prime minister handpicked a number of gas executives to head up his covid-19 commission and they came up with a gas plan. Would be better if they come up with a vaccination plan, maybe. But, you know, they came back with a gas plan. But unfortunately, gas is the worst sector to invest in job creation. Gas doesn't lead to major revenue for the government either. According to Australia's did research in the last 12 months, the

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gas industry has fired over 10 percent of their workforce. So it's hard to have a gas fired recovery when you're busy firing your workers. In addition, the revenue from the gas industry is really quite small. So, for example, Australia exports a similar amount of liquefied natural gas as Qatar, the world's largest exporter of LNG. Qatar makes twenty six billion, Australia makes one billion. So Australia is really poor at actually extracting revenue from its gas industry as well, which is why there are so many enquiries from Senator Patrick or even from One Nation on why Australia is doing so poor and actually extracting the resources from its gas sector to begin with. So really, we haven't seen much. But there are some big proposals on the table. The 50 million that is going through today for the anti there was another two hundred million for roads, for fracases in the county. We're seeing over a billion dollars go to oil refineries as well to keep them on line two. And there's also more broadly about ten point three dollars billion worth of fossil fuel subsidies per annum, according to Australia's research as well. So there are still a large amount of fossil fuel subsidies, but it is a really poor way to respond economically to a covid-19 crisis. And the Europeans have obviously set a very good example for the alternative. Just to add one more thing, the US in between has decided on a jobs plan as their way of actually stimulating their economy. It also takes off on the climate box because ultimately you can create jobs and also deal with the climate. And I think that would have been a better path to follow,

Michael Brissenden [00:49:48] especially on the premise of this gas recovery was on the promise of cheap gas. So, Martin, when he made this announcement, basically said, you know, we've got to get the gas out of the ground. There is no recovery in Australia. That doesn't include a bigger role for gas. But essentially, the only way it's actually going to work is if we can get gas on parity with the sort of price that's being produced for out of the United States. And no one in Australia thinks that we can do that. And it's very clear that that hasn't happened. But this gas fired recovery so far for whatever, you know, whatever advances have been made in the gas sector in the last few months, since that announcement has been made, the price hasn't been driven down. The price isn't being driven down. And unless it is driven down, it's not really going to there's not going to be any momentum behind it. So we can talk about it as much as we'd like. But the reality is, unless you can get gas under six dollars gigajoule, which nobody thinks you can do, it's not actually going to happen.

Ebony Bennett [00:50:53] That's a very good point. And the next question is from Dr Kelvin Wellington. Cecilio, this one's for you. And it says, agriculture is also a big contributor to emissions. What is the EU doing in this space?

Cecilia Malmström [00:51:10] It certainly is, I think around 20 percent comes from from the agricultural average, so that is why the commission is also making proposals first to include fertilisers in the Aegeus in the CBC sebum proposal, which affects agriculture. And then there is also in the pipeline. I think it will come later this this autumn, more concrete proposals on how to reduce emission in agriculture because there needs to be reform that this is, of course, going to be extremely sensitive. Agriculture is always sensitive in many countries who are not depending on it and where the political forces are strong. So it's not going to be easy. But but this is included in the in the green deal as well, agriculture. So later on, there would be more concrete proposals.

Ebony Bennett [00:52:05] Thank you so much. The next question we've got, there's a whole bunch here, Richie and Michael. These ones are probably more from you. Just for you, a lot of people asking, you know, how we shift the politics and voters on this prospect and that at previous

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elections we haven't necessarily seen that concern for climate change impacts translate at the ballot box, which you might come to you first on that one.

Richie Merzian [00:52:37] It's interesting timing, recent polling in a number of blue ribbon seats for the Liberal Party in Sydney and I think in also in Melbourne have shown that climate change is rating as a higher political issue than covid-19. And yet many of those members that are currently incumbent are reflecting that in how they vote and how they position themselves and what their party is doing. So you're seeing the rise of independents. And Zali Stegall is a great example of climate leadership in the after taking over what was a blue ribbon seat. So I think there's certainly something for elections and exercising your vote. But then I think on the other side, it's really what what narratives work. And on that side, it's about the economics of climate change as much as the moral force in this scientific debate that we ascribe to it. Right now, renewables are cheaper. We should be doubling down on renewables. It doesn't mean that we we stop subsidising. We should be going even harder on subsidies for renewables and for batteries and for other forms of clean storage and for green hydrogen and for electric vehicles. The future we want we need to be subsidising heavily because the benefits will spread across the economy. And I think the economic benefits are really where we can make the case and bring a number of more conservative voters across the line. And helping to explain that is Kate talking about it is key and actually taking those actions where we can individually, but also pushing for that at the state and federal level as well.

Ebony Bennett [00:54:06] Michael, you're a veteran of many, many elections.

Michael Brissenden [00:54:10] What do you think? An incumbent and all that is, it's a politician's need to be providing us with leadership in this in this area. They need to be leading the debate about this. It's very clear that there are small sections of our politics that are dictating policy. And the majority of the pressure that's I mean, I agree. And there are what's happening in the Liberal Party in the in the blue ribbon city seats, there is enormous pressure on them to do more on climate. What's happening with the Labour Party in the regional seats? There seems to be enormous pressure on them to to not to not be quite as aspirational, but it requires political leadership to bring the country forward. I mean, we're not talking about this is not just about domestic politics. People in Australia have looked at this about like, you know, how can this help me win the next election? We need to change that discussion. We need to talk about how can this help us avert this crisis, do something about these challenges that the world faces and how can it help us economically to be part of the future of the global economy? Those are the discussions that we need to have at the moment. You know, a sense that we're starting to get a bit closer to that, that there is starting that discussion is starting to happen a bit more. But I hope I'm right because the knee jerk political reaction of this country in the past has been to basically go for the votes. And and that doesn't do us any good in the long run.

Ebony Bennett [00:55:49] We're going to have to wrap it up soon. But, Cecilia, I wanted to finish with you. We kind of touched a little bit earlier on the fact that Sweden is producing green steel. I think it's just exported some of its first green steel made entirely without coal, for example. And I just want often when we. Talk about climate change, it's all very depressing and it can be specifically here in Australia, given the nature of politics sometimes, but it seems to me whenever we talk to our international guests, all I hear is about opportunities and hope and how much things are shifting quite quickly. What are your observations in the lead up to Glasgow on how the rest of the world is moving? And are you optimistic about where we're headed?

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Cecilia Malmström [00:56:36] Well, in general, I'm, of course, extremely worried if we look out and see where we are and we are not by far reaching the targets that globally we have promised to do and the events of the last month, if there has been no, I hope, an important wake up call for lots of people. But but it's important not to be too gloomy about this. I mean, we need to do tough decisions. We need to make difficult decisions and laws in order to do that. And you should also highlight the possibilities. As I said, we we estimate in the EU that that these investments on a short term can lead to 160000 new jobs. We have lots of companies who are actually investing a lot of money to make their production greener in shipping, in closing, in in in transporting steaming and heavily polluting areas. And you have to highlight those. You have to do this, not a post to to to business. You need to do it hand in hand with them and encourage the different initiatives and to show that lots of things are actually happening. And lots of initiatives are taking all over the world also to inspire others to do that, because I'm convinced we can still do this. But we need international cooperation and we need leadership and we need to to have the courage to take tough decisions for the future of this planet and for our children. And I really hope that Glassco is a will not solve all problems. We shouldn't be naive about this, but at least that we can move forward a little bit and that we can reach international consensus on the next steps. That that's what I'm hoping for, for the next summit.

Ebony Bennett [00:58:15] Thank you very much, Richard. Final observations.

Richie Merzian [00:58:20] It would just be great to see Cecilia in a leadership position going forward as well, because that's the kind of rhetoric and leadership that I can tell is definitely gelling off the comment box here, but is also the European example, which hopefully we will grasp in Australia in the not too distant future.

Ebony Bennett [00:58:39] And Michael, last observations.

Michael Brissenden [00:58:42] Look, I think where we're foolish to think that we can't be involved in this way. We can't be part of the global economy. We have to be we have to have aspirations that are as big or bigger than than other people, than other countries. We have enormous opportunity, potential in this country to be part of a great new industrial revolution. And we need to be part of that discussion.

Ebony Bennett [00:59:05] Yeah, certainly, instead of letting it just pass us by, which does seem like our current trajectory. Look, I want to thank everyone for joining us today. We had more than eleven hundred people tune in. We really appreciate your interest and me coming along today. Thanks for all your wonderful questions. I'm sorry that we couldn't get to all of them. We will have to wrap it up there. Thanks to our guests Cecilia Malmström, Michael Brissenden and Richie Mocean. Thank you again for all coming along and for getting up so early for you, Cecilia. We appreciate your time. We do have another couple of exciting webinars coming up next week. As usual, we'll be talking to Catherine Murphy from The Guardian Australia and Pete Lewis from Essential Media about the regular fortnightly Guardian Essential Poll and all the latest in politics. And we'll be talking to Ed Miliband from the UK about his new book. He'll be in conversation with ALP President Wayne Swan. And that should be a really interesting discussion. So please join us for that. You can find all those details on our website at Australia Institute dot org you. And please

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Green Recovery VS Gas-Fired Recovery: Trading Away Australia's Climate Ambition

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