

TEN POINTS ABOUT THE PARIS CLIMATE AGREEMENT

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Summary

1. The binding international emissions reduction obligations (the “Paris obligations”) imposed on Australia by the Paris Climate Agreement (the “Paris Agreement”) will result in significant and irreparable economic and social costs without producing a discernible environmental benefit.
2. Australia is not “on track” to meet the Paris obligations despite extensive and prolonged government intervention in the energy market that has resulted in Australia having the fourth highest electricity prices in the developed world, according to the Australian Competition and Consumer Commission.
3. Significant further reductions in emissions from the energy, transport, and agricultural sectors beyond those already planned are required for Australia to meet its Paris Agreement obligations.
4. It has been acknowledged by government ministers that Australia has committed to the deepest cuts to emissions per capita in the developed world.
5. The four largest greenhouse gas emitters in absolute terms are not in the Paris Agreement (the United States) or their emissions are not constrained by the Paris Agreement (China and India) or are not on target to meet their obligations under the Paris Agreement (the European Union).
6. Australia can legally withdraw from the Paris Agreement, or can unilaterally reduce its emissions obligations, at any time, and for any reason.
7. What Australia does will make no noticeable difference to the global climate. Even if the Paris Agreement were implemented in full by all signatory nations it would only produce a two-tenths of one-degree Celsius reduction in global temperature by the year 2100, according to researchers from the Massachusetts Institute of Technology.

Background

On 11 August 2015, the federal government announced Australia would adopt a policy of a obligation to reduce greenhouse gas emissions by 26-28 per cent by 2030 on 2005 levels.¹

The obligation is known as an “Intended National Determined Contribution” under the United Nations Framework Convention on Climate Change (“UNFCCC”).

The obligation was announced in preparation for the 21st Conference of the Parties (“COP21”) to the UNFCCC to be held in Paris from 30 November to 11 December 2015. The obligation extended Australia’s previous commitments to reduce greenhouse gas emissions by 5 per cent by 2020 based on 2000 levels.

On 12 December 2015 following the conclusion of “COP21”, 195 Parties to the UNFCCC (including Australia) agreed to the terms of what became known as the “Paris Climate Agreement”. Under Australian law, the Paris Agreement is a treaty.²

The Paris Agreement consists of a Preamble, 29 Articles, and 16 principles, many of which are completely unrelated to environmental matters and make reference to matters such as “Mother Earth”, “climate justice”, “empowerment of women”, and “international equity”.³ For example, the Preamble says:

“Acknowledging that climate change is a common concern of humankind, Parties should, when taking action to address climate change, respect, promote and consider their respective obligation on human rights, the right to health, the rights of indigenous peoples, local communities, migrants, children, person with disabilities and people in vulnerable situation and the right to development, as well as gender equality, empowerment of women and international equity.”

“Noting the importance of ensuring the integrity of all ecosystems, including oceans, and the protection of biodiversity, recognized by some cultures as Mother Earth [sic], and noting the importance for some of the concept of ‘climate justice’ [sic], when taking action to address climate change.”

The purpose of the Paris Agreement, set out in Article 2, is to:

- Hold the increase in the global average temperature to well below 2C above pre-industrial levels.
- Increase the ability to adapt to the adverse impacts of climate change and foster climate change resilience and low greenhouse gas emissions development.
- Make finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.⁴

Subsequent articles deal with matters such as mechanisms for the accounting and reporting of greenhouse gas emissions, the provision of financial resources by developing countries to developing countries, and the sharing of technology.

Australia will not meet its Paris obligations without further substantial intervention

Some have claimed that no further intervention is required for Australia to meet its Paris Agreement obligations.

- On Alan Jones' 2GB program, 11 September 2018 the Prime Minister, The Hon Scott Morrison, said "...26 per cent, we will meet in a canter... we will just meet it because of technology and business as usual."⁵
- The Minister for Energy, The Hon Angus Taylor MP, said on Sky News on 6 September 2018 "...we're going to reach the...26 per cent emissions reduction target anyway."⁶
- The Minister for the Environment, the Hon Melissa Price MP, stated on 9 October 2018 on the ABC AM radio program "we are already on target to do that [meet the Paris obligations]."⁷
- The Minister for Defence, The Hon Christopher Pyne MP, said on Sky News on 3 September 2018 "We will reach our 26 per cent target on schedule with the measures we have in place."⁸

This is false. Australia is less than a third of the way to meeting the Paris Agreement obligations. And most of the reduction to emissions has come from restrictions on land clearing practices which cannot be repeated.⁹

The best available evidence suggests that Australia will not meet its emissions reduction obligations under current policy settings.

- The Department of Environment estimated that under the status quo emissions in Australia are expected to decline by just five per cent by 2030 on 2005 levels.¹⁰
- The IMF estimated that Australia's emissions will be 43 per cent higher by 2030 than what was expected in 2015.¹¹
- The Climate Action Tracker estimates that under current policy settings Australia's emissions will be 30 per cent above the Paris Agreement requirements.¹²

- The Jacob's Report for the Finkel Review released on 21 June 2017 contained the following statement: "Emissions fall in the BAU but not enough to meet the annual emissions targets."¹³
- The Energy Security Board found that, under the status quo, emissions from the electricity sector would be nine per cent higher than what would be required under the Paris Agreement.¹⁴ And the electricity sector only accounts for around one-third of all emissions in Australia.

A report which has been relied upon by the Prime Minister and the Minister for Energy to support the claim that Australia is on track to meet the Paris Agreement obligations actually shows the opposite. The *2017 Review of Climate Change Policies* states that we (Australia) are "on track to meet our 2030 target", meaning the Paris Agreement obligation. However, that same report estimates that Australia's emissions will be just five per cent below 2005 levels by 2030.¹⁵

Substantial further government intervention will be required for Australia to meet its Paris Agreement obligations. If cuts to emissions do not occur in the electricity sector (which accounts for the most emissions at 33 per cent), then they will need to take place in the transport sector (which accounts for the second most emissions at 19 per cent) and the agriculture sector (which accounts for the third most emissions at 14 per cent), according to figures from the Department of Environment.

Australia's emission reduction obligations are the deepest in the developed world

Australia's headline obligation is to reduce emissions by 26-28 per cent by 2030 on 2005 levels. However, the obligation is the deepest when viewed on a per capita or a per GDP (known as emissions intensity) basis. Under the Paris Agreement, Australia's emissions must drop 50 per cent by 2030 on 2005 levels on a per capita basis, and emissions per unit of GDP must drop by 64 per cent.¹⁶

The nature of this commitment has been explicitly noted a number of times by government ministers, including by two former Prime Ministers. In a joint media release the then Prime Minister, The Hon Tony Abbott MP, the Minister for Foreign Affairs, The Hon Julie Bishop MP, and the Minister for the Environment, The Hon Greg Hunt MP, said:

- "Our emissions intensity and emissions per person will *fall further* than other developed economies [emphasis added]."¹⁷

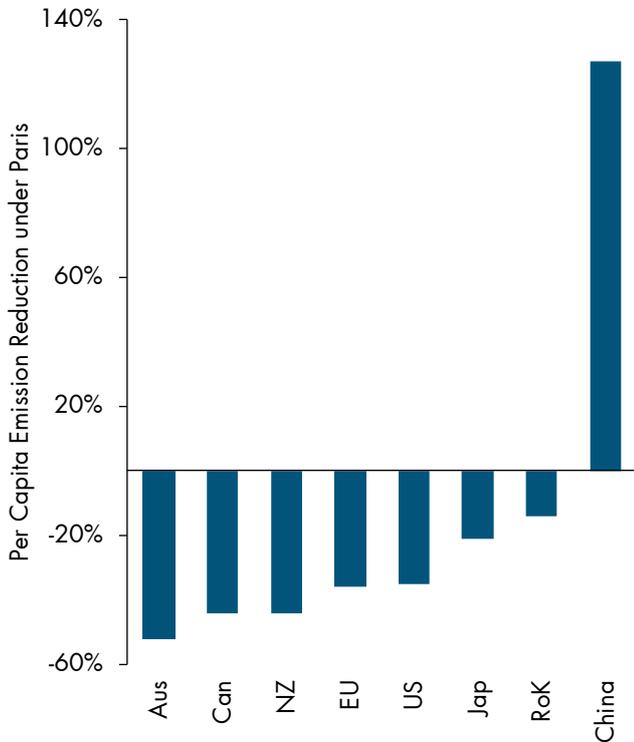
In a joint media release the then Prime Minister, The Hon Malcolm Turnbull MP, the Minister for Foreign Affairs, The Hon Julie Bishop MP, and the Minister for the Environment and Energy, The Hon Josh Frydenberg MP, said:

- "This target ... will halve our per capita emissions making it *one of the highest targets* in the G20 on that basis [emphasis added]."¹⁸

An accompanying fact sheet from the government noted:

- “On a reduction in per person and emissions intensity basis, *our target will exceed those of the United States, Japan, the European Union, Korea, and Canada* [emphasis added].”¹⁹

Figure 1: Per Capita Emission Reduction Obligations under the Paris Agreement



Source: Department of Environment

Australia can withdraw from the Paris Agreement

Article 28 deals with withdrawal from the Paris Agreement. It reads:

- “At any time after three years from the date on which this Agreement has entered into force for a Party, that Party may withdraw from this Agreement by giving written notification to the Depository.”
- “Any such withdrawal shall take effect upon expiry of one year from the date of receipt by the Depository of the notification of withdrawal, or on such later date as may be specified in the notification of withdrawal.”
- “Any Party that withdraws from the Convention shall be considered as also having withdrawn from this Agreement.”²⁰

The provisions of Article 28 whereby a country can’t withdraw within three years of entering into the Paris Agreement is unclear, given that a current government can’t bind the actions of a future government. The principle of parliamentary sovereignty recognises for instance that the Turnbull government can’t restrict the Morrison government from

reversing its promises under the Paris Agreement.²¹ Hence, the government can withdraw from the Paris Agreement, with immediate effect.

Australia can reduce its emission obligations unilaterally

Article 4.11 of the Paris Agreement allows for unilateral alternations to the emissions obligation. That Article states

“A Party may at any time adjust its existing national determined contribution with a view to enhancing its level of ambition, in accordance with the guidance by the Conference of the Parties serving as the meeting of the Parties to this Agreement.”²²

However, while Article 4.11 says “with a view to enhancing its level of ambition”, this does not prohibit a country from lowering its obligations. Susan Biniaz, the US State Department’s lead climate change lawyer throughout the negotiations of the Paris Agreement, noted “it doesn’t legally prohibit [a Party] from changing [targets] in another direction”.²³

The nature of the Paris Agreement has fundamentally changed

The nature of the Treaty has fundamentally changed since Australia signed up in 2015. At the time it was expected that other nations would adopt measures to reduce emissions. However, many signatory nations are not on track to meet their Paris Agreement obligations:

- China, the world’s largest emitter, is expected to increase its emissions by 150 per cent on 2005 levels by 2030.²⁴
- The United States, the second largest emitter, has provided formal notice that it will be withdrawing from the Paris Agreement.²⁵
- None of the European Union nations, collectively the third largest emitters, are on track to meet their emission reduction requirements.²⁶
- India, the fourth largest emitter, will meet its emission reduction requirements under the business as usual scenario, meaning the Paris Agreement has no effect.²⁷

Europe should not control Australia’s energy policy

Representatives of the European Union (EU) have stated that they will not participate in a free trade agreement with Australia if Australia is not party to the Paris Agreement.

- The French foreign affairs minister, Jean-Baptiste Lemoigne, stated “No Paris Agreement, no trade agreement.”²⁸

- The EU Trade Commissioner Cecilia Malmstrom stated that a “Paris deal reference [is] needed in all EU trade agreement[s] today.”²⁹
- The European Parliament passed a resolution to make ratification and implementation of the Paris Agreement a condition for future trade agreements.³⁰

Trade with other nations is an important cornerstone of prosperity. However, it is not the only consideration. The demand that Australia implement the Paris Agreement is an intolerable requirement. It would provide the EU with effective control of Australia’s domestic energy policy and consequently erode Australia’s national economic sovereignty. Australia should not be a signatory to such a trade agreement.

- The EU is hypocritical. The EU insists that Australia implement the Paris Agreement obligations, yet no EU nation is on track to meet its Paris Agreement obligations.³¹
- Electricity prices in the EU are cheaper than in Australia, in part because of their use of nuclear energy.³² This provides the EU with a competitive advantage over Australia which they are seeking to maintain by locking Australia into the Paris Agreement while they ignore it.

The costs of implementing the Paris Agreement in Australia dwarf the benefits of extended trade with the EU:

- The EU estimated a €2.7-4.2 billion (AUD\$4.3-6.8 billion) gain in GDP for Australia by 2030 from the FTA.³³
- IPA research estimated implementing the Paris Agreement would cost at least \$52 billion by 2030.³⁴

The Paris Agreement is bad for Australian taxpayers

A component of the Paris Agreement is the *Green Climate Fund* (GCF). The GCF is administered by the United Nations and uses taxpayer funds from developed nations to provide hand-outs to wind, solar, and other carbon mitigation programs in developing nations. To date the fund is worth \$USD10 billion, of which Australia has provided \$AUD200 million.³⁵

There are serious concerns about the efficacy of the GCF:

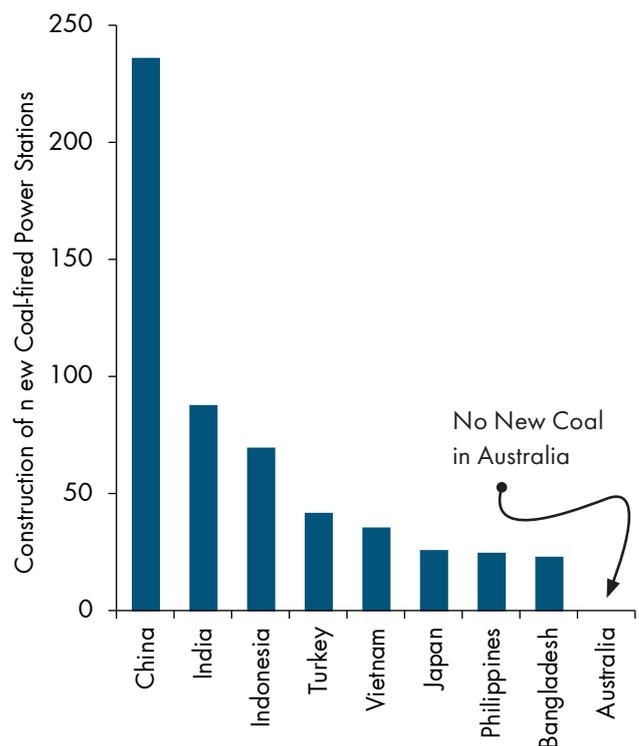
- Rodríguez Osuna, who was a civil society observer on of the fund’s board, said “the fund has no information disclosure policy and no accountability mechanism, yet the board is approving project proposals.”³⁶
- Liane Schalatek, also a civil society observer on the fund’s board and associate director of a German-based green group, said “there is a real lack of transparency” about how decisions are made.³⁷
- Less than a tenth of the funding has gone to the kind of projects that make up the fund’s mandate: those owned and controlled by the poorer nations themselves.³⁸

Moreover, large investment banks appear to have been amongst the biggest beneficiaries of the program:

- A project provided \$USD265 million in equity and grants to Geeref Next, a Luxembourg-based investment fund.³⁹
- \$USD110 million in loans and grants was provided to Kazakhstan by way of London-based United Green Energy, and the investment arm of Kazakhstan’s sovereign wealth fund.⁴⁰

A “low carbon future” is a political invention, not an inevitability

Figure 2: Number of New Coal-fired Power Stations



Source: Global Coal Plant Tracker

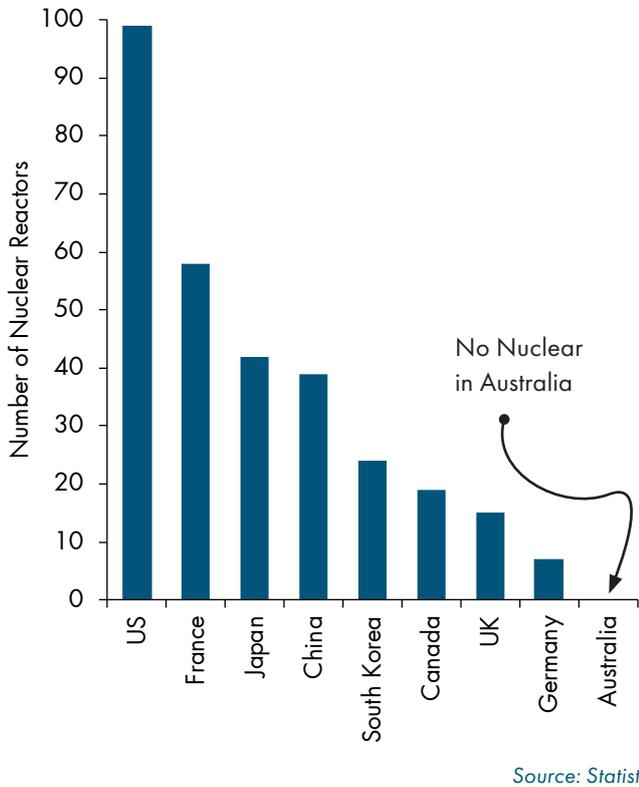
A “low carbon future”, and the “transition to renewable energy” are political inventions, not inevitabilities. Coal-fired power stations are numerous, dominant, and continue to be constructed around the world.

- There are 2,240 coal-fired power stations currently in operation around the world.
- A further 708 have been announced, have received pre-permission or permission to be constructed, or are currently under construction.
- There are 236 forthcoming coal-fired power stations in China; 88 in India; 70 in Indonesia; 42 in Turkey; 36 in Vietnam; 25 in the Philippines; and 23 in Bangladesh.⁴¹

However, there are zero new coal-fired power stations expected to be implemented in Australia under the Paris Agreement.

Similarly, Australia is one of the few nations in the developed world which doesn't utilise nuclear power⁴², despite being home to 30 per cent of world's uranium deposits.⁴³

Figure 3: Number of Nuclear Reactors by Country



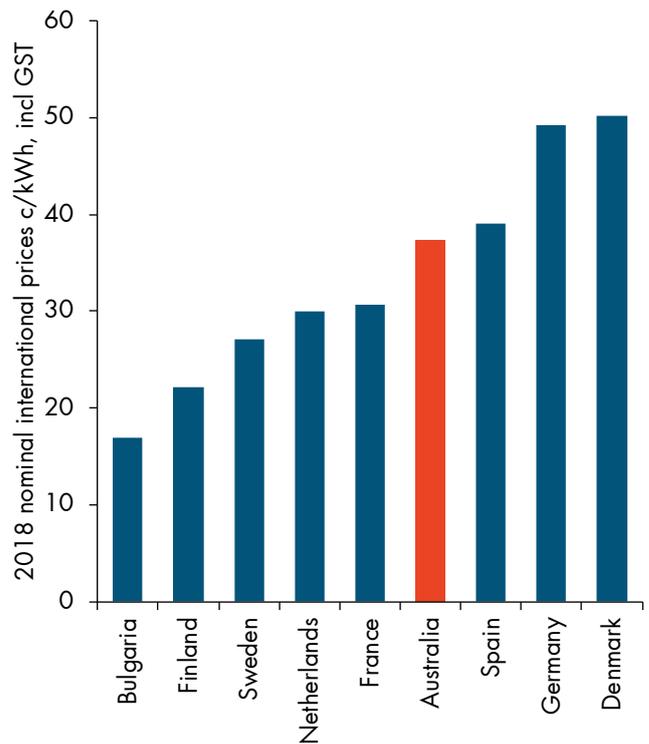
The Paris Agreement will impose irreparable economic damage

The government's original plan of implementing the Paris Agreement emission reduction obligations solely in the electricity sector would have cost at least \$52 billion by 2030, in terms of the higher cost of generating electricity.⁴⁴ This is because the Paris Agreement puts reducing emissions ahead of reducing electricity prices or improving supply reliability. Policy which focusses on emissions reductions necessarily will lead more intermittent, weather-dependent energy being generated from wind and solar, at the expense of reliable base-load energy which comes from coal-fired power stations.

The contribution of solar and wind energy generation has grown from around one per cent in 2007 to 16 per cent today. Over that period, prices have risen by 130 per cent. This follows a period of real price stability from the early 1980s to 2007, when wind and solar were virtually non-existent. This has led to Australia having the fourth highest electricity prices in the developed world.

The government has claimed that it is decoupling the Paris Agreement, and emission reductions more generally, from energy policy. For example, the Minister for Energy, the Hon Angus Taylor MP, stated that "my first and only priority is to reduce power prices."⁴⁵ However, the government remains committed to the Paris Agreement emission reduction obligations. If emissions reductions will not be mandated in the electricity sector, emissions will need to be reduced in other sectors, such as agriculture and transport. The government is yet to outline how the emissions reductions will be met.

Figure 4: International Comparison of Electricity Prices



The Paris Agreement will have no discernible impact on the climate

The Paris Agreement will make no noticeable difference to the global climate, even if all nations meet their national emissions reduction requirements.

A 2015 research report from leading climate researchers at the Massachusetts Institute of Technology (MIT) found that: "assuming the proposed cuts [under the Paris Agreement] are extended through 2100 but not deepened further, they result in about 0.2°C less warming by the end of the century..."⁴⁶

Similarly, Dr Bjorn Lomborg, President of the Copenhagen Consensus Centre and visiting professor at Copenhagen Business School, estimates that adopting all promises under the Paris Agreement from 2016–2030 will reduce the temperature increase in 2100 by just 0.05 °C. This would come at the cost of at least \$USD1 trillion.⁴⁷

Further, Australia accounts for just 1.3 per cent of global emissions from human activity. And human activity accounts for just three per cent of total emissions.⁴⁸ Even the complete deindustrialisation of the Australian economy would make no noticeable difference to the global climate.

Even Australia's Chief Scientist Alan Finkel said the complete cessation of all emissions from Australia would do "virtually nothing" to the global climate.⁴⁹

Conclusion

Policies to reduce greenhouse gas emissions in Australia have imposed substantial costs without delivering a discernible environmental benefit. Rather than continuing with the Paris Agreement, Australia should focus on being a world leader in something that will make a tangible difference to people around the world, such as the provision of clean drinking water.⁵⁰

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