Australian business: Concerned about carbon tariffs, unsupportive of Kyoto carryover, keen to trade carbon


“Australian business concerns are growing about the prospects of carbon tariffs on exports, most are unsupportive of the use of the Kyoto carryover towards Australia’s 2030 emission reduction targets, and many are keen to allow export and import of carbon credits,” said CMI CEO John Connor.

In a significant increase 61 per cent of business respondents, up from 46 per cent in 2018, were concerned that emissions-intensive trade-exposed industries will be impacted by carbon prices being implemented in key trading partners such as China and South Korea. Asked for the first time in this regular survey, 70 per cent agreed that carbon border tariff adjustments from trading partners are a potential risk to Australia’s emissions-intensive economy and exports.

“Business is increasingly aware of the challenges that come from strengthening climate action in our trading partners such as South Korea and China developing their emissions trading schemes and Europe strengthening policies and targets. Others may follow Europe in raising the prospects of carbon tariffs in trade agreements with countries they believe are not taking enough climate action.”

Over three quarters of business respondents (76%) opposed the use of controversial Kyoto carryover units by Australia to achieve its 2020 to 2030 emission reduction commitments with just 8% supportive of the position.

“Whether it is concern about the reputational impact for Australia, the validity of using these units from action pre-2020, or concern that use of this “shortcut” will impair climate efforts or the economy in post 2020 commitments, this is an emphatic view from business respondents.”

83 per cent of respondents agreed Australia should actively participate in establishing international linkage of carbon markets to allow flexibility for both import and export of carbon credits.

“Australia currently excludes the export of carbon credits or their import for compliance or national emission reduction efforts. This is a barrier to developing an export industry for Australian carbon reduction activities and adds extra costs for business and countries managing a transition to lower or net-zero emissions.”

“The Government has said they will review the use of international carbon credits following the conclusion of talks here on international carbon market rules. We believe concerns about the integrity of imports can be managed alongside a growing Australian carbon industry as the Government already does for its own highly successful “Climate Active” carbon neutrality scheme.”

The survey was sent to a database of senior executives or employees working for business with a large emissions profile, investors, carbon project developers, professional service providers and experts. 80% of the 220 respondents hold C-suite or management roles. The full Survey will be released next week.

*Carbon Markets in the Pacific: Practice and Potential* discussed achievements and challenges of carbon markets in Australia, NZ and the Pacific and explored their potential under Paris Agreement implementation.

*CMI is the independent peak industry body at the centre of business and climate action in Australia. CMI has led a delegation of Australian business to the UN Climate Change Conference COP25 in Madrid, Spain.*

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