

## COP25 opportunities missed, Australian policy reviews and Long Term Strategy now even more important

COP25 has concluded with a disappointing stalemate on international carbon market rules with attention turning not just to COP26 next year, but Australia's reviews of policy and development of a Long Term Strategy.

"The failure to agree rules for international coordination of carbon markets is a disappointing missed opportunity. This would have led to many billions of potential investments in climate solutions and better international cooperation," said CMI CEO John Connor.

"However, as many nations and many other business organisations noted, no deal was better than a bad deal that allowed carbon markets to develop without proper integrity and checks.

"Priority is now for countries to continue to build on domestic and regional carbon markets that do exist, to demonstrate their potential for integrity and co-benefits – and this is an area where Australia has a positive track record.

"Australia also has an opportunity with key reviews of its Safeguard Mechanism and Emissions Reduction Fund as well as the development of a Long Term Emissions Reduction Strategy (due in 2020). As agreed at COAG, the Government has been working on a technology roadmap. These elements can combine to allow Australia to have a more constructive role in future.

"Australia's proposal to carryover Kyoto credits into its 2020-2030 emissions reduction commitments and Brazil's insistence for double-counting loopholes came under heavy fire. Not just from neighbours in the Pacific but significant trading partners in Europe and the UK.

"Australia was constructive in supporting indigenous and human rights being built into the integrity rules for carbon markets. Hopefully these, and other integrity rules can be built into progress at COP26 in Glasgow UK in November 2020.

"Carbon markets can boost international cooperation and drive savings that can enhance emission reduction efforts. It is crucial we continue to build their capacity and momentum.

"The world requires many billions of dollars of investment to achieve the billions of tonnes of emissions reduction that we need for a safer climate. Investors need clarity on rules to guide these investments and confidence in their integrity.

"Madrid's COP25 outcomes represent a missed opportunity, but not the end of carbon market development," concluded Mr Connor.

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

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