Key Points

1 / In 2012, the Australian Government will need to decide whether the nation accepts a new Kyoto Protocol target for the period 2013–17 or 2013–2020.

2 / It is in Australia’s national interest to accept a new Kyoto Target to support an ambitious outcome covering all major emitters. If Australia walks away from its international commitments under Kyoto, it would likely play into the hands of recalcitrant countries which may seek to avoid taking on legal commitments in 2015. It would return the Government to the defensive posture that characterised Australia’s previous position of not ratifying the Protocol and would hinder the Government’s ability to positively influence the negotiations.

3 / Australia should agree to a new Kyoto target that:

   a / Honours its existing international commitments and moves beyond the current unconditional 2020 target of 5 per cent below 2000 levels.
   b / Retains the flexibility to achieve the high end the high end of the range of bipartisan-supported targets: up to 25 per cent reductions by 2020.
   c / Includes a clear international undertaking that, depending on progress towards an ambitious and binding agreement in 2015, the Government will move to the high end of its target range.

Introduction

Current Kyoto targets lapse at the end of 2012. All countries except Canada are expected to meet these international commitments.

Australia ratified the Protocol four years ago, ending the years of recalcitrance that cost the country diplomatically and in lost investment opportunities.

Australia was also the first major Kyoto country to stand up in Copenhagen and say it was prepared to take on a second commitment period Kyoto target for the period after 2012 under a number of conditions.

In Durban, it was decided that new Kyoto targets would be agreed to at the end of 2012. These would cover the period from 2013–2017 or 2013–2020. In May 2012, countries will begin submitting details of the target they are prepared to inscribe in the second commitment period of the Kyoto Protocol (see Figure 1).
This policy brief makes the case that it is in Australia’s national interest to accept a new Kyoto target, one that helps build greater ambition amongst all major emitters.

Interaction Between International Targets + Domestic Emission Cap

A decision on a new Kyoto target in 2012 means making a high-level commitment on Australia’s target ahead of the first report of the Australian Climate Change Authority (CCA) in 2014.

This independent body is required to recommend to the Government what pollution limit should be adopted alongside domestic emissions trading. Under the current legislation, this limit would be the main mechanism driving Australia’s progress towards its international targets.

This does not prevent the Government from agreeing to a new target for the second commitment period this year. Two of the issues CCA must consider when making its recommendations are:

+ Australia’s international obligations under climate change agreements such as the Kyoto Protocol, and;
+ ‘undertakings’ Australia has made to the international community, such as our 5–25 per cent 2020 target range.

If Australia agrees to a new Kyoto target in December 2012, the CCA would be required to take this new commitment into account. This is similar to the way in which the Reserve Bank considers the Government’s inflation targets when setting interest rates.

The Coalition + Kyoto Targets

The Coalition’s current policy supports the Kyoto Protocol and the full range of targets to which Australia is already committed. The Opposition spokesperson on climate change stated on 12 December 2011 that,

We actually share the same negotiating parameters as the Government on the Kyoto Protocol. So that’s not a point of disagreement. We are parties and signatories at the moment, and we’re not looking to change that.
International Dynamics + Ambition

Among those advanced economies, Australia is the most vulnerable to climate change. How the world addresses climate change matters a great deal.

Acceptance of this has led the Government to take on the recommendation of the Garnaut Climate Change Review: action on climate change consistent with stabilising atmospheric greenhouse gas emissions, below 450 ppm-e, is in our national interest. Later, this translated into Government support for a global agreement limiting average temperatures to less than 2°C above pre-industrial levels.

To meet this national interest test, Australia must act on both the domestic and international fronts. Accepting the national interest means a focus on two key issues:

1 / The dynamics of the international climate policy process. The European Union has used its commitment to the Kyoto Protocol in leveraging support from the majority of developing nations for legally binding targets covering all major emitters, including China and India.

Australia has ratified the Kyoto Protocol and is an important middle power in the negotiations. If Australia walks away from international commitments under Kyoto, it would encourage recalcitrant players in the developing world to avoid taking on legal commitments. They would say, in effect, ‘If you are not prepared to respect international law and processes then why should we?’

Australia would also revert to a defensive posture that characterised its previous refusal to ratify the Protocol. It would be less able to advance its own interests, for example, in building global carbon markets or even forwarding broader diplomatic goals like achieving a seat on the Security Council.

Finally, moving past the negotiations around the future of the Kyoto Protocol would focus attention on a deal that covers all major emitters by 2015. Countries not covered by the Protocol would no longer be able to hide behind a lack of clarity around its future.

2 / Australia’s national ambition. Professor Ross Garnaut and other experts have defined Australia’s fair share of the international effort—a level consistent with our national interest—as a 25 per cent reduction in emissions by 2020 and 90 per cent by 2050, down from 2000 levels. Both major political parties have committed to reduce emissions by 5–25 per cent on 2000 levels by 2020.

The 5 per cent target is unconditional. Stronger targets are conditional on defined levels of international action. The Government consistently acknowledged throughout 2011 that the world is moving and that Australia risks being left behind. Given current commitments and actions from other major emitters, it is clear that the 5 per cent target is no longer defensible as a fair contribution. The international community will expect Australia to move to the higher end of its target range.4

Australia’s domestic emission trading scheme allows the nation to meet any agreed target at lowest cost. In Durban, Australia also joined with all countries in a commitment to increase the level of national ambition, cutting pollution before 2020.

Locking in a target that does not retain the flexibility to achieve the high end of Australia’s target range would weaken international commitments to increase the ambition of major emitters. It would also undermine one of the key strengths of the Clean Energy Future Act, namely the ability to ratchet up the national target in light of international and scientific developments.
**Figure 2**

Estimates of Australia’s 2nd Commitment Period targets. Based on estimates from the UNFCCC Secretariat, this figure gives indicative estimates of Australia’s second commitment period targets based on a 5-year commitment period (a), an eight-year commitment period (b), and the 5 per cent (low) and 25 per cent targets (high).

**a / Five year commitment period**

**b / Eight year commitment period**

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**Recommendations**

In 2012, to help build momentum towards greater levels of global action before 2020 and to support progress towards an agreement on strong binding commitments for all major emitters by 2015, the Australian Government should:

1. Agree to inscribe a second commitment period target under the Kyoto Protocol.

2. Honour its existing international commitments and not backslide on the conditions it has agreed to around certain targets. This means going beyond the current unconditional 5 per cent target.

3. Agree to a Kyoto target that retains the flexibility to achieve the high end of the range of bipartisan supported targets of up to 25 per cent reductions by 2020.

4. Use potential benefits to Australia from agreed international rules to increase ambition. For example, proposed changes to Land Use, Land Use Change and Forestry (LULUCF) accounting rules would allow—with little additional effort—Australia to credit up to 15 million tonnes a year towards its national target from the forest sector. This should be used as an opportunity to increase the ambition of the national target.

5. Make a clear international undertaking that, depending on progress towards an ambitious and binding agreement in 2015, the Government will move to the high end of its target range. This allows the Government to continue to use the highest end of its target range as leverage in international negotiations. It also gives the CCA the flexibility to recommend increased ambition in light of this undertaking, other international developments, and new scientific developments.

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Source: UNFCCC, 2011. Projections based on Treasury, 2011 and including the default pollution cap under the domestic emissions trading scheme.
Endnotes


7. Increasing the international, as opposed to the domestic emission target would be dependent on certain amendments to the Kyoto Protocol. Australia should support efforts to include an ‘adjustment procedure’ in the Kyoto Protocol; allowing countries to increase, but not decrease, ambition during a commitment period. This will be particularly important under a scenario where an 8-year commitment period to 2020 is agreed.