

President Biden will send a very different climate wind our way

Failure to commit to net zero emissions by 2050 will leave Australia as isolated from the Biden administration as Tony Abbott was from the Obama White House.

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On climate change, a very different wind will blow from Washington under President Biden. The Biden administration will recommit America to the Paris Agreement, take on a stronger medium-term emissions target and push other countries to do likewise.

The United States will likely take on a net-zero emissions target, joining China, the European Union, the UK, Japan, Korea and many other countries. Biden and Harris will seek to restore a lead role for America. The lack of a Senate majority will hamper their legislative and budget agenda, but they will use regulatory powers just like Obama did.

The Australian government's refusal to commit to a net-zero emissions target or to strengthen our 2030 emissions target will go down badly in Washington. The mantra of "technology not targets" will not cut it. Yes, technology is crucial, US leadership will tell Australia – but you need policies to deploy that technology, and spell out ambitious goals for emissions reductions.

The UK will also apply more pressure. Australia will look very alone in its reluctance to act. When Russia, Brazil and Saudi Arabia look like Australia's remaining allies then alarm bells must ring.

In the final presidential debate, Biden said he would "transition away from the oil industry", a statement of consequence given the size and influence of the US oil industry. It is time for the right wing in the Coalition and the Labor party to stop pretending that all is fine with the coal industry. The domestic decline of coal is well under way and it is clear that export markets will wither away.

Gas is not a safe long-term prospect either, and the idea of a "gas-led recovery" was perhaps never much more than a political diversion.

US coal consumption fell by 20 per cent from 2016 to 2019, the decline accelerated under Trump despite his overt support for coal. US greenhouse gas emissions were 10 per cent lower in 2018 than in 2005, and will be much lower still in 2020 amid a continued boom in renewables and reductions in energy use. The Obama Paris target of a 26 to 28 per cent

reduction by 2025 is within reach. Biden could set a 2030 target deep in the 30 per cent range.

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It'll make Australia's 2030 target look even weaker. Especially given we're already more than half way to a 26 to 28 per cent reduction, in part due to an earlier turnaround in land-use change and forestry emissions as they are accounted. A stronger 2030 target is readily achievable by continuing the coal-to-renewables shift in the power sector, giving a push to electrification of transport, and taking some action in industry and agriculture. A carbon price would do a fine job of it.

Biden's climate change policy plan lists actions to decarbonise right across the economy, with emphasis on the economic upside of building a cleaner economy and jobs in new manufacturing industries.

The election program included a carbon price and massive government expenditure on a "green new deal". This is unlikely unless and until the Democrats have a Senate majority, and it would be highly contested in a politically deeply divided United States. But the idea of a carbon price makes too much sense to go away.

The Biden-Harris administration will therefore rely on executive powers. Expect Obama-era federal regulations on greenhouse gas emissions and other environmental aspects to be reintroduced and strengthened. It will take some time, as Biden's team will also need to rebuild institutions that Trump dismantled, including the Environmental Protection Agency. It will also be messy. But combined with policies in place in many individual states, this policy patchwork can be quite effective, though less efficient than carbon pricing.

Biden's climate policy will be squarely framed as in the American national interest. Investing in a clean energy economy is framed as an agenda for jobs and US industrial advantage. It is true that America is a deeply divided nation and opposition to action on climate change may remain a rallying point for the right. But given technological change under way in industry and generational change that will come in politics, it is clear where the journey goes long term.

Australia's business community understands this. Other than some companies heavily invested in the emissions-intensive economy, Australia's business and finance sector on the whole is open to the shift to clean systems in energy, transport, industry and agriculture, and in favour of sensible climate policy. Biden's win put wind in the sails of those who clamour for an end to ideologically driven policy on climate and energy.

And yet the PM once again is digging in, perhaps driven by fear of right-wingers, perhaps by ideology. It will make for awkward conversations with the White House. And it could turn into a drag on the bilateral relationship with the United States and many other countries. Intransigence on climate change is a road to nowhere.