



BHP head: Emissions trade re-think needed

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CANBERRA -- Australia's government came under pressure on Monday from the chief of BHP Billiton, the world's largest mining group, to reconsider a planned emissions trading system expected to reshape the US\$1 trillion economy.

As the government's emissions trade guru, academic economist Ross Garnaut, prepares this week to recommend 2020 emissions targets for the carbon-heavy economy, BHP Chairman Don Argus said the country should be looking at alternatives to an emissions trade regime expected to be among the world's toughest.

"Volatility and uncertainty is a poison for any trading system. Australians should consider and debate all the alternatives to a cap-and-trade system," Argus told a conference of industry leaders at parliament in Canberra.

"I would not leave out the carbon tax initiatives which I think other nations of the world are moving to rather than the emission trading system. That's mine, it's not the company's view," he said.

The center-left government is planning to begin carbon trading in 2010, forcing 1,000 companies to buy permits to cover their emissions and putting a market price on carbon to encourage firms to clean up their pollution.

Australia is the world's 16th biggest carbon polluter, accounting for about 1.5 percent of global emissions, but produces five times more carbon pollution per person than China and is the fourth-largest per-capita emitter.

Climate Change Minister Penny Wong said the government was willing to talk to business about the best way of designing its carbon trading system.

Some business leaders, Wong said, had complained about plans to assess compensation by measuring carbon pollution against every million dollars of company revenue.

"We've heard from many in the business community that they would prefer a different measure for assessing the cost impact," she said. "The government is willing to consider alternative approaches."

Big exporters have complained they might have to close Australian operations, or scale down production, unless they receive more free permits under the planned carbon scheme.

“Free permits to such firms will impose a greater adjustment burden on the rest of the economy,” Wong said, with other non-exporting companies then forced to cut emissions further, at a higher cost.

Argus, in a speech on managing risk, said by 2015, the mining and resource sector will be contributing 25 percent of Australia’s GDP, or an additional A\$200 billion each year, right when emissions trade was expected to begin.

He also said alternative energy technologies, such as geothermal ‘hot-rock’ power and solar energy, could not provide adequate baseload power to meet future demand for power.

The pro-environment Climate Institute on Monday said the Government must cut emissions by a minimum 20 percent in just over a decade to meet a promised 60 percent reduction on 2000 levels by the middle of the century.

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