

Trade and Investment

Critical in a decarbonising world

01 November 2021



With trade and investment now significant for driving global climate action, the Climate Change Authority today releases an overview of key trends and what they mean for Australia. The report, entitled *Trade and investment trends in a decarbonising world*, is being launched with a panel discussion at COP26 in Glasgow, which will explore the global trade and investment environment, and the challenges and opportunities it presents for Australia.

“As a trading nation with significant exports of goods that are emissions intensive – either when they’re produced or later when they’re used – global trends in trade and investment are vitally important to Australia. The Authority’s report examines these trends and the risks and opportunities they present”, said Brad Archer, CEO of the Climate Change Authority.

“Rapid and transformational changes in the global economy are commencing as major institutions and our trade and investment partners increase the tempo in responding to climate change. The report seeks to add context and clarity as Australian policy makers, companies and investors take their own steps to address climate change.”

This report underpins the Authority’s [Paris Plus: From cost to competitive advantage](#) paper, and comprises three parts:

- Investment and finance,
- International trade and climate policy, and
- Challenges and opportunities for Australia.

“Seizing the opportunities of the global net zero transition will not only enable Australia to prosper economically but will galvanise Australia’s future as an export superpower in a net zero world. As we outlined in our recent Paris Plus insights paper, the mindset change for Australia is to view reducing emissions as a source of competitive advantage and not a cost,” said Mr Archer.

“Our report begins by outlining the sheer scale of the transition in financial markets, and this is just the beginning. Central banks around the world are cooperating to manage climate risk and mobilise low carbon investment, and the private sector is limiting financing for fossil fuels while expanding financing for low emissions activities. These shifts have significant impacts for Australia.”

“We also look at how some of the world’s largest economies, including some of Australia’s largest trading partners, are using trade to propel climate action. Countries are increasingly agreeing to climate change provisions in their Free Trade Agreements. The world’s largest economies, including some of our major trading partners, such as the European Union and the United States, are considering carbon border adjustment mechanisms (CBAMs)—taxes on the carbon content of exports from countries without ambitious climate policies.”

“Crucially, the new rules of low emissions trade and investment are being written, and the authors of those rules stand to benefit the most. Australia already plays an active role in some areas, such as hydrogen, and more opportunities exist to shore up our competitive advantages and shape flows of foreign investment.”

“A significant opportunity for Australia stems from our world class renewable energy resources, which create the potential for us to become a major clean energy producer and exporter in the Asia-Pacific region. We also have abundant reserves of the raw materials required for low emissions technologies include critical minerals like lithium and cobalt and other minerals like copper and nickel.

The Climate Change Authority panel discussion at the Australia Pavilion at COP26 takes place on Wednesday 3 November, 8:00-9:00 pm AEDT (Syd/Melb/CBR); 9:00-10:00 am GMT (Glasgow). You can register for the event here: <https://events.humanitix.com/tours/climate-change-authority-at-cop26-australian-pavilion>.

Media Inquiries to David Imber, david@mountainmedia.com.au or 0413 274 204