Megatrends that will trump any MAGA trend

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CLIMATE CHANGE UTHORITY

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Businesses, investors and the wider community in Australia and beyond can't let short-term squalls blow us off our long-term course to cut carbon emissions.

Geopolitical, technological and market volatility are among this era's only certainties. It can be challenging to peek beyond today's headlines, let alone focus on seemingly distant dates like 2050.

And yet, businesses, investors and the wider community in Australia and beyond can't let short-term squalls blow us off our long-term course to cut carbon emissions.

Putting off action will only ensure more extreme weather as climate change becomes ever more disruptive for our economies, our way of life and even geopolitics.

Our understanding of the greenhouse effect dates back almost 130 years, when Swedish chemist Svante Arrhenius made early calculations of what global heating would follow from dumping carbon dioxide into the atmosphere.

Arrhenius thought a bit of warming might actually make his nation a more pleasant place. We now know the forces unleashed bring the significant risk of melting the Greenland ice sheet, stalling the oceanic currents that make his nation much warmer than its high northern latitude would otherwise enjoy. Northern Europe, in other words, could be one region of the planet that turns cooler in a hotter world.

The science of climate warming doesn't suddenly change because Donald Trump has returned to the White House and will yank the US out of the Paris Climate Agreement.

Calls to "drill, baby, drill" or to give up on transitioning our economies away from fossil fuels won't fool nature. Nor will decisions by some big corporations to reduce investments in renewable energy when they think the spotlight is elsewhere.

Australia is more than an observer of these global developments. Our domestic carbon emissions may be about 1per cent of the global total, but our role as one of the world's biggest exporters of coal and gas swells that impact five-fold.

We have plenty more to do to get our own house in order. The Climate Change Authority's annual progress report, released late last year, found that our economy is trimming emissions by about 3 million tonnes of carbon-dioxide equivalent each year, where it needs to be more like 15 million tonnes a year.

The electricity system can do a lot of the heavy lifting to get us there, if we make the right policy choices.

A report by the authority released last week examined the impact on emissions of adding nuclear energy to our power grid, as has recently been proposed.

While renewables are rolling out as we speak to keep cleaning up the grid, the staggered introduction of seven nuclear reactors won't start before 2035 at the earliest.

The authority's analysis found that this delay in replacing coal-fired generators risks adding an extra 1 billion tonnes of CO_2 equivalent by 2050, and the same number again for the economy as a whole.

That assumes ageing and increasingly unreliable plants can be patched up and kept in operation. And that there are no broader impacts on investment in clean energy and technology from upending Australia's policy landscape yet again, just as momentum is building behind our energy transition.

Investors and other businesses coming together at this week's The Australian Financial Review Business Summit in Sydney to discuss the "Age of Uncertainty" would presumably prefer less unpredictability on such a key area as energy policy.

When it comes to MAGA trends or the megatrend of decarbonisation, the tsunami of capital and innovation all seems to be heading one way.

Last year, the world invested $US3 trillion – equivalent to about $4.8 trillion, two years' worth of Australia's GDP – on energy and infrastructure. Two-thirds was spent on the clean variety of both.

Globally, drivers bought more than 17 million battery electric and plug-in hybrid vehicles last year, a 25 per cent rise.

Worldwide solar installations exploded six-fold from about 100 gigawatts in 2017 when Trump was last in office, to just under 600GW in 2024, according to Bloomberg New Energy Finance.

Science and capital are underlying currents that will continue shaping the world's decarbonisation trajectory. The volatility of global politics and events captures headlines, but cooler heads will keep eyes on the prize of what's at stake if we don't act, and how much we stand to gain when we do.