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# Australia must prepare for carbon tariffs: Carney, Turnbull

**Elouise Fowler** Reporter



Sep 30, 2020 - 4.41pm



The European Union's resolve to levy carbon taxes on imports – including those made with Australian raw materials – is strengthening, former Bank of England boss Mark Carney and former prime minister Malcolm Turnbull have warned.

Earlier this month, the [EU announced plans for deeper carbon emissions cuts of up to 55 per cent](#) by 2030, backed by a carbon border adjustment tax to capture imports from carbon-price-free jurisdictions such as China, India and Australia.



Mark Carney, former governor of the Bank of England. [YouTube/PolicyExchangeUK](#)

"The reality is we absolutely have to face the prospect of a carbon tax at the frontier, and I think the Europeans are absolutely up for it. [French] President [Emmanuel] Macron has made that very plain," Mr Turnbull said during a panel discussion at the Global Smart Energy Summit on Wednesday.

## DISCUSSION AT THE GLOBAL SMART ENERGY SUMMIT ON WEDNESDAY.

The former Bank of England governor backed in Mr Turnbull's assessment.

"I agree, I agree. I think this is an instrument that's coming in," said Mr Carney, who is now the United Nations climate envoy and finance adviser to COP 26 – major climate talks known as the "conference of the parties", due to be held in Glasgow next year.

"[I]f you look from the European perspective, the ambition has ramped up another level in terms of their attention for their goals and what they're trying to do," Mr Carney said during the discussion at the Smart Energy Council's global summit on Wednesday.

EU leaders also agreed in July on a €750 billion (\$895 billion) [coronavirus rescue package](#), nearly a third of which would be devoted to decarbonisation and promoting green technologies. Individual countries like France have ear-marked a third, [€30 billion, of its recovery stimulus for green projects](#).

In early September, France's business promotion agency chief, [Christophe Lecourtier](#), told *The Australian Financial Review* that Australia [should urgently adopt net-zero emissions commitments](#), warning the free trade deal – currently being negotiated with the 28-nation European bloc – must affirm urgent ambition from both sides on addressing the global climate crisis.

[has committed to ambitious climate policies](#), with \$US2 trillion (\$2.74 trillion) to

speed the transition to clean energy and a [possible carbon border tax](#) to further tighten the screws on big emitters such as Australia.

"Well, it's realistic to expect that there will be some form of border adjustment taxes," Mr Carney said, adding China could be in the "carbon club" too, depending on how President Xi Jinping's announcement, pledging to cut emissions, plays out on the ground.

[Mr Xi told the nation's general assembly](#) last week that China will aim for "net zero" emissions before 2060, and that the Paris agreement pledge to limit global temperature rises to well below 2 degrees C is the minimum to which nations should aspire.

"Depending on how President Xi's announcement last week is translated [into] specifics [initiatives] ... I think that [membership of the carbon club] is an open question," Mr Carney said.

Rather than the federal Coalition focusing on a gas-led economic recovery, Mr Turnbull [echoed NSW Environment Minister Matt Kean](#), saying Australia should focus on investing in renewables and cutting emissions as it faces the worst economic crisis in living memory.

"The cheapest form of new generation is renewables plus storage [like batteries and pumped hydro]," Mr Turnbull said.

"All that is lacking is ... the really crazy ideological politics on the right, and in the media and, of course, vested interests in the fossil fuel sector."

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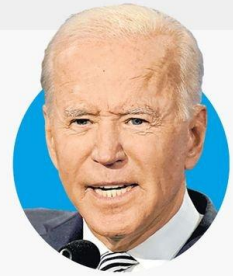
A carbon border adjustment tax would be levied on imports including raw materials inputs such as Australian mineral and energy exports

“There is no point in only reducing greenhouse gas emissions at home, if we increase the import of CO2 from abroad... If this turns into a global trend, we will have a global level playing field where no carbon border tax will be necessary.



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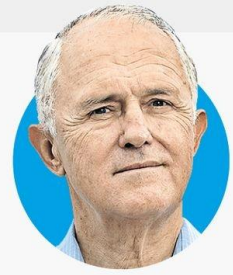
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“I agree, I agree. I think this is an instrument that's coming in... if you look from the European perspective, the ambition has ramped up another level in terms of their attention for their goals and what they're trying to do.



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“The reality is we have we absolutely have to face the prospect of a carbon tax at the frontier, and I think the Europeans are absolutely up for it. [French] President Macron has made that very plain.



**Malcolm Turnbull**  
September 30, 2020

SOURCE: FINANCIAL REVIEW

## 'Carbon club' of countries

Mr Carney and Mr Turnbull were asked by the chair of the panel discussion, *Financial Times* journalist Pilita Clark, whether they could envisage a "carbon club" of countries like the EU and the US, if Democrat challenger Joe Biden wins the November 3 presidential elections, punishing countries that do not cut their emissions fast enough.

Mr Biden is similarly determined to "use every tool of American foreign policy to [push the rest of the world to raise their ambitions alongside the United States](#)" and

EU



Bank of England



Xi Jinping



China



United Nations



Matt Kean



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