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## 'We must stay competitive'

Nicola Berkovic | July 05, 2008

**MANUFACTURING, mining and big business have backed a broad-based emissions trading scheme, but are insisting the competitiveness of industries must be maintained.**

As the Rudd Government's climate change expert, Ross Garnaut, released his long-awaited report yesterday on how to combat global warming, business groups warned that Australia must not get too far ahead of its trading partners

Australian Industry Group chief executive Heather Ridout said any action that resulted in Australian businesses closing their doors and heading overseas was "an exercise in futility".

"This would cause serious damage to Australian industry and jobs while not in any way assisting in reducing global emissions," Ms Ridout said.

She backed Professor Garnaut's moves to make the scheme as wide as possible and to include petrol. A roll-out of the scheme in 2010 scheme was achievable, but only if it began gently, to give businesses "breathing room", before accelerating to meet medium- and long-term targets.

Once phased in, Ms Ridout said, all other regulatory measures to combat greenhouse emissions should be removed.

Australian Chamber of Commerce and Industry chief executive Peter Anderson said the scheme must be consistent with steps taken by Australia's neighbours. "While we need to be part of a global solution to greenhouse issues, Australia must resist the temptation to impose obligations on ourselves which are disproportionate to the global response."

His concerns came as ACTU president Sharan Burrow urged businesses to back Professor Garnaut's scheme.

"Climate change is the social and economic challenge of our times, and the ACTU calls on business to accept a share of the responsibility along with the rest of the community," she said.

Aluminium and cement producers, which are among the most emissions-intensive and trade-exposed Australian industries, supported their inclusion in the scheme, but said they would need a bigger slice of the permit revenue to remain globally competitive. Under Professor Garnaut's scheme, about 30 per cent of all permit revenue would be returned to the businesses hit hardest by the scheme.

Cement Industry Federation chief executive Robyn Bain said Professor Garnaut had acknowledged emission-intensive industries deserved a future. "He has recognised that trade-exposed, emission-intensive industries need a permit allocation, although whether they buy the permits first and then get compensated is a matter for debate."

However, Ms Bain said 30 per cent of revenue did not seem enough to cover the worst-affected industries, including steel, glass, lime and parts of the chemical and plastics industries.

Australian Aluminium Council executive director Ron Knapp said it was almost impossible to determine the impact on the industry without seeing Professor Garnaut's economic model and underlying assumptions.

"The question for Australia and the Government is just how much economic impact should be imposed on the Australian economy and living standards, given this is not a global solution."

Australia's powerful minerals sector expressed concern about Professor Garnaut's plan to introduce full auctioning of emissions permits from 2010, and use per-capita targets as a basis for future international climate change agreements. "The need to generate revenues from the ETS should be a secondary consideration of scheme design rather than the defining principle," said Minerals Council of Australia acting chief executive Brendan Pearson.

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