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Australia inches up clean energy ladder, but Asia takes 3 of top 5 spots

A recent report from The Climate Institute concludes that Australia has staged a fragile reversal in its previously declining low-carbon competitiveness, with Asia, especially China, now taking centre stage in preparedness for the low-carbon economy.



Credit: Tian Zhan/istockphoto

These are the two key conclusions of the updated Climate Institute/GE Low-Carbon Competitiveness Index, recently released as part of the Institute's [Global Climate Leadership Review 2013 report](#).

'Australia's fragile improvement in low carbon competitiveness has occurred against a backdrop of delicate but important progress in UN climate negotiations, cuts in clean energy costs, growth in global carbon pricing and other policies and continuing strong investment in clean energy,' said John Connor, CEO, The Climate Institute.

'It's clear that the centre of clean energy gravity is shifting to Asia, China in particular. China has improved its ability to compete in the global low-carbon economy significantly, boosted by high-tech exports and just under half of global public equity investment in clean energy.'

Other key findings from The Climate Institute/GE Low-Carbon Competitiveness Index include:

The top performers are France, Japan, China, South Korea and the UK. France and the UK rank similar as before. Three of the top five best-placed countries are now in Asia.

China has leapt ahead of its previous score: it is now 3rd up from 7th. If China had not increased its clean energy investments, it would be in 8th place.

The most dramatic decline in performance relates to the United States, which is now 11th down from 8th. Its decline is mainly due to lower public equity investment in clean energy, shrinking high-tech exports and a surge in reliance on emission-intensive air freight.

Australia is 17th but has slightly improved its low-carbon competitiveness due to a number of factors along with relative good economic health. These factors include increased investment in infrastructure and to a lesser extent education; a slight increase in energy efficiency in the transport sector; and an unusual but likely short-lived drop in the value of natural resources as a proportion of national income.

'Australia is in the right place at the right time to benefit from Asia's continued growth. Securing our long-term productivity and prosperity – doing more with less – is critical to how we realise this opportunity,' said Ben Waters, Director ecomagination, GE Australia and New Zealand.

'While it's promising to see improvements in Australia's low-carbon competitiveness, we have work to do to catch the pack. What has made us successful in the past may not keep us successful in the future.

'This report clearly shows that the countries best prepared for the low-carbon economy are those that recognise the inextricable link between economics, resource security, policy and energy efficiency, and are taking action accordingly.'

In January, OECD research showed that 29 of its 34 member countries have higher effective prices on carbon than Australia. Carbon pollution is priced – whether through a tax, market mechanism, or other policy – in every OECD country. Australia's carbon price of \$23 per tonne of CO₂-equivalent, introduced in July 2012, comes in near the bottom of the list.

China, South Korea, South Africa and a number of other economies have also announced carbon pricing policies to come in effect in the next two years.

'We are on the path to improvement, with key elements of the Clean Energy Future package and the Renewable Energy Target providing a platform for Australia to benefit from the low-carbon transition that is underway around the world,' said Connor.

'These actions are critical, as we have not been well prepared to compete in a world moving to limit carbon pollution.'

Source: The Climate Institute

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