

Climate change, the industry to rival the Industrial Revolution

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If there has been a meeting of minds in Paris, a common link for the developed and developing world, the communists, big business and the Greens, it is the firm belief that there's a lot of money in climate change.

Like a magic pudding, the climate change response will unleash economic forces to rival the Industrial Revolution, liberate continents from poverty, boost food security and right historical wrongs.

In the nuclear-powered power corridors of the COP21 UN conference, industrial and economic transformation is the dominant narrative that does not lack ambition.

It is a seductive echo chamber where the political lessons of high electricity prices, failed government subsidy programs, reduced energy security and major renewable energy company bankruptcies don't seem to cut through the groundswell of good feelings for change.

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Trillions of dollars will be marshalled but no one asks if \$650 billion a year being promised by US banking institutions will ever be expected to make a profit and, if so, will it need public support to do so.

Government aid budgets have pledged the world's poorest developing nations new energy systems at a cost of billions, but it is impolite to question whether it is value for money and what happens if they don't work.

Old measures to assess the relationship between energy costs, productivity and prosperity have been cast aside in favour of a single matrix, carbon intensity.

US Secretary of State John Kerry sees it as "the most extraordinary market opportunity in the history of humankind".

He is planning nothing short of "the gradual transformation of the global economy".

For Kerry the climate change story is now economic opportunity. "Everything else is gravy," he says.

World Resources Institute president and chief executive Andrew Steer says: "This is all about the implementation of revolution in the making."

Economist Nicholas Stern says the biggest risk has been governments removing green energy subsidies too soon. "But if we get this right," Stern says, "this will be something much more powerful than the Industrial Revolution."

It is the sort of heady atmosphere that allows Australian Greens leader Richard Di Natale to declare: "There's almost a universal consensus that coal has no long-term future.

"The argument simply is the pace of that transition, how quickly do we move from coal towards renewable energy resources."

In Di Natale's mind, at least, that consensus seems to be "very close to being achieved".

The reality check is that China, India and even Germany are still looking to coal for baseload power.

China has approved 155 coal plants with a capacity of 120 gigawatts this year alone.

India has plans to double domestic coal production, and all the long-range forecasts have coal providing the biggest share of electricity for decades to come.

There is another reality check in the heavy going of the Paris climate change talks themselves.

High expectations of a new global unity forged by the pre-COP good wishes of China and the US all proved for naught when it came to the conference negotiations, just as the decision of French organisers to call world leaders together early in the Paris process appears to have made no real difference at all.

As they always do, the UN-backed talks have gone down to the wire with desperate negotiators trying to stop the most anticipated climate meeting in half a decade from becoming forever known as COP FLOP 21.

Stripped of emotion, it had always been a case of how much money was required to encourage India, China and others to surrender a standing agreement that mandates only the developed world is required to take action, and what measures can be implemented to ensure all countries do what they say they will do.

References to limiting global warming to 1.5C are window-dressing but no doubt they will fuel the relentless campaign building steam against fossil fuels and in favour of renewables.

Into the final days and hours, personal pleas from US President Barack Obama to Indian Prime Minister Narendra Modi were not sufficient to secure a deal that bridged the divide between the developed and developing world.

All night African speaking circles called indabas were held in which the French showed their preparedness to listen.

But any success in Paris ultimately would come down to the twisting of definitions to paper over what remain long-held and seemingly intractable differences.

But if any more proof were needed, the Paris talks have demonstrated again that the UN climate change process is about much more than climate and science.

The reality is that fears about climate change have been harnessed to animate a juggernaut of bureaucratic process on to which has been layered the decades-long disappointments and resentments of developing nations.

For the UN, climate change is the key plank of its newly established sustainable development goals, even though climate change rated poorly in a global vote of key concerns.

“Without addressing climate change properly, immediately we will be in a lot of difficulties implementing the remaining 16 development goals,” UN secretary-general Ban Ki Moon told the Paris conference.

“If we really want to put an end to global poverty, if we really want to make this world healthier and planet Earth environmentally sustainable, we have to first address this climate change issue.”

African nations still see the climate change talks as a vehicle through which to secure compensation for decades of exploitation and lost opportunity.

For small island states in the Pacific and Indian Ocean, climate change is considered an existential threat.

Their pleas have been taken up by most countries at the Paris conference, a so-called high ambition group, which includes the US and appears to have been successful in having a reference to a 1.5C warming target in the Paris text.

For China, climate change is a strategic issue of balancing global responsibility with the domestic pressures of pollution, poverty eradication and future development

For India, it remains an inconvenience to economic growth for which it accepts no responsibility,

And for the US it is a matter of a presidential legacy that increasingly is being sold on the basis of business opportunity.

Kerry laid out the paradigm shift in Paris.

He resisted an earlier narrative that climate change could explain in part the security issues of the Middle East.

These, Kerry said, were primarily the result of bad governance and corruption.

“The fruit vendor in Tunisia who ignited the Arab Spring self-immolated because a policeman slapped him around because he had to pay his bribe, and he got fed up and said, ‘I’m not going to pay my bribe.’ And he went to the police station to protest and lit himself on fire,” the US Secretary of State said.

“That is what ignited the Arab Spring, the Tunisian Spring it started with and the departure of (Tunisian president Zine el Abidine) Ben Ali, and then moving to Egypt and elsewhere and throughout the world.”

But Kerry was unambiguous about the economic opportunity that now faced the US.

“This is the most extraordinary market opportunity in the history of humankind,” Kerry said.

“This is already a four to five billion user market and valued at multiple trillions of dollars, and we’re going to spend at least 17 trillion in the next 10 years on new energy projects.”

Kerry said it would be a “business-driven transformation”.

“I am convinced that the combination of American ingenuity and our allocation of capital are going to combine to help America to be able to lead the world to a better economy,” he said.

“And I think there are million of jobs to be created in this — the people who will build and service and profit by this transformation.”

As negotiations reached their endgame in Paris, business groups were largely optimistic at what they saw.

Virgin boss Richard Branson said a strong agreement would “increase the confidence of business and investors, helping to drive innovation, increase clean energy investments, expand research and development into climate-neutral technologies and spur an era of green economic growth and job creation.”

Post-Paris, with a likely 1.5C aspirational target, it must be whether the substance can really match the rhetoric.

Whatever the outcome, the fundamental truths remain.

Breakthroughs are needed in the cost and performance of renewable energy technologies.

And the biggest sticking point issue of differentiation between developed and developing nations will have to be resolved.

As Kerry outlined in Paris, the maths make it inevitable.

If all the industrialised nations of the world cut their greenhouse gas emissions to zero it wouldn't be enough when 65 per cent of the world's carbon emissions come from the developing world.

“No matter how much half the world does to clean up its act, if similar steps aren't taken by the rest of the world, Earth still has a problem,”