

Australia to link with EU carbon scheme from 2015

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Photo illustration shows exhaust stacks in Australia. Australia announced Tuesday it would link its deeply contested emissions trading scheme with the European Union's from mid-2015 in an effort to combat climate change.

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Australia introduced the first stage of its plans to put a price on [carbon pollution](#) in July with a so-called "carbon tax" which charges big [polluters](#) Aus\$23 (US\$23.81) per tonne for their [carbon dioxide emissions](#).

The government has always said it would move to an [emissions trading](#)

[scheme](#) after three years with a floating price set by the market and [Climate Change](#) Minister Greg Combet said this would be linked to the EU's scheme from 2015.

"This means that from July 1, 2015 Australia's carbon price will effectively be the same as that that operates in our second largest trading bloc," he told reporters.

A full, two-way link in which there would be mutual recognition of carbon units between the two cap and trade systems would begin no later than July 1, 2018, he added.

But the minister said a previous commitment to a set a floor price of Aus\$15 for the first three years to avoid price shocks would be scrapped.

Instead, businesses will face limits on the number of permits they can purchase.

Combet said he was confident of Australian government modelling, which predicts a Aus\$29 a tonne carbon price in 2015-16. The current EU price is below Aus\$10.

"It is three years away. We certainly anticipate a recovery from the financial crisis," he said. "But there is every reason to believe that carbon markets will recover and we'll stand by the Treasury modelling."

The issue of a [carbon tax](#) has been hotly debated in Australia, among the world's worst per capita polluters due to its reliance on coal-fired power and mining exports.

Prime Minister Julia Gillard's popularity has sunk since she announced plans for the tax in early 2011 and conservative opposition leader Tony Abbott, who [opinion polls](#) suggest will win the 2013 election, has vowed

to abolish it.

Australia hopes the scheme will create economic incentives for the biggest polluters to reduce their emissions of greenhouse gases.

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