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WORLD ENERGY AGENCY WARNS AUSTRALIA ON GLOBAL WARMING PLAN

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The International Energy Agency on Tuesday warned Australia its plan to curb global warming with technology-based solutions was inadequate and urged Canberra to consider an emissions trading scheme.

The agency commended the efficiency and security of the Australian energy market but said that environmental sustainability presented the greatest challenge because of high and growing carbon dioxide emissions.

Australia's emissions are the second highest among developed countries, the executive director Claude Mandil said during a meeting with Industry Minister Ian Macfarlane in Canberra.

Mandil called on the government to keep all options open on air pollution, including emissions trading.

Australia, which like the United States has not ratified the 1997 Kyoto agreement on cutting greenhouse gases, announced last month it would join a new six-country pact on curbing emissions.

The initiative includes the United States, China, India, Japan and South Korea and aims to use new technologies to cut back on emissions.

In his review of Australia's energy policy, Mandil said focusing on technological solutions to climate change had some advantages but needed to be bolstered by other methods.

"While new technologies will be a key component in tackling the long-term problem of climate change, there is no certainty when and to what extent the necessary technologies will be developed," Mandil said in his report.

"... the government is encouraged to re-appraise as required the costs and benefits of a national emissions trading scheme in light of international developments of further global and domestic climate change frameworks."

Mandil otherwise praised "pioneering" market reform which had brought low prices, high levels of supply security and transparency to Australia's energy sector, and Macfarlane

said the report was overall a positive assessment of government policy.

"But it also identifies obvious global energy challenges and the Australian government won't be shying from those," he said.

Australian Conservation Foundation spokesman Erwin Jackson supported the idea of emissions trading, saying: "Placing a price on greenhouse pollution will encourage industry to reduce pollution and invest in clean renewable energies, such as wind and solar."