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Australian competitiveness in global capital markets relies on a strong response to climate risk

The Investor Group on Climate Change (IGCC) has welcomed a speech by Australian Treasurer Josh Frydenberg recognising the growing link between national economic competitiveness and the nation's climate change response.

IGCC Chief Executive Officer, Rebecca Mikula-Wight, said global capital markets were rapidly shifting to integrate climate change risks into investment decisions, meaning there is now trillions of dollars in capital looking for net zero investment opportunities in those countries and companies that establish the right targets and policies to attract it.

She added the Australian Treasurer's comment echoed what hundreds of institutional investors had declared in the recent [Global Investor Statement to Governments on the Climate Crisis](#), which called for all countries to adopt Paris-aligned targets and policies.

"If Australia wants to remain competitive in these markets we need to look forward to the jobs, industries and infrastructure that will be competitive in a net zero world and relevant to our major trade partners who are rapidly seeking to decarbonise," Ms Mikula-Wright said.

"Over 70 per cent of Australia's two-way trade is now with countries that have committed to net zero emissions by or near mid-century.

"Financial organisations are assessing sovereign and company climate risk with increasingly sophisticated tools and bluffing through these hard realities of the market won't be possible. Critical will be emissions reduction targets consistent with the Paris Agreement, including for 2030, and policy frameworks to deliver them.

"Large numbers of institutional investors are rapidly committing to net zero emissions and setting 2025 and 2030 goals for their portfolios.

"For example, the Net Zero Asset Managers initiative now has 128 global signatories, collectively responsible for US\$43 trillion in assets under management, including the three largest fund managers in the world BlackRock, State Street and Vanguard.

"IGCC's recent survey of Australian and New Zealand members found 40% now have a portfolio-wide commitments to net zero and another 40% are planning to implement the goal.

"In the same survey over 70% of investors identified policy as the main barrier to investment in clean industries and infrastructure.



Investor Group on
Climate Change

Media Release

“Australia’s 2030 emissions reduction target is now one of the weakest among comparable countries in the G20. An enhanced 2030 goal and a national commitment to net zero by 2050 are critical signals to global markets that Australia is keeping pace with the world.

“[Economic analysis](#) by IGCC shows that if Australia adopts a Paris-consistent 2030 goal, net zero commitment for 2050 and supporting policies it can unlock \$131 billion in additional investment and job opportunities to the end of the decade, much across regional Australia.”

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