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Outlook and Issues Concerning Global Warming Policy in 2022

<Summary >

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International trends

1. In the run-up to COP26, Turkey, Russia, Saudi Arabia, Australia, and India announced net zero emissions/carbon neutrality targets, including during COP26. With these announcements, all G20 nations have now announced net zero emissions/carbon neutrality targets.
2. COP26 saw the adoption of rules for an international carbon market in connection with Article 6 of the Paris Agreement, aimed at avoiding carbon credit double counting and facilitating credit trading, which means the completion of detailed Paris Agreement rules. In addition, a work programme was established for scaling up 2030 targets and a decision was made to convene an annual high-level ministerial roundtable. With regard to climate finance, a decision was made to establish an ad hoc work programme and convene high-level ministerial dialogues aimed at setting a new collective quantified goal that will replace the existing goal, which is to mobilize \$100 billion per year between 2020 and 2025.
3. As for 2030 target levels, along with the above-mentioned annual discussions over raising targets, a "global stocktake" (conducted every five years to assess the collective progress towards achieving the purpose and goals of the Paris Agreement) is scheduled for 2023, the first process for which will begin in 2022. Furthermore, as an *ex post* review of 2020 target achievement, developed nations will submit biennial reports on the said achievement. These two deliberative processes will happen simultaneously in 2022.

Policy trends by country

4. China: Attention is focused on the efforts to realize policies and measures to achieve targets laid out in the "Working Guidance for Carbon Dioxide

Peaking And Carbon Neutrality" released by the Central Committee of the Communist Party of China and the State Council.

5. U.S.: Key here will be whether the Senate passes the social spending and climate bill that includes \$555 billion in funding for clean energy. Much hinges on what policies or measures will be taken if the bill does not pass.
6. EU: Important here will be discussions between the European Parliament, the Council of the European Union, and the European Commission concerning proposals for policies and measures aimed at achieving 2030 goals.
7. India: The focus here is on how India plans to transition to natural gas and hydrogen and on policies and measures aimed at achievement of targets presented at COP26.
8. Other: Russia and several Southeast Asian countries including Indonesia have announced net zero emissions/carbon neutrality targets and have made plans to or are considering implementing carbon pricing schemes such as emissions trading systems or carbon taxes. The EU's efforts toward a carbon border adjustment mechanism are one factor behind this development. How carbon pricing will be globally implemented or discussed will be something to watch.

Policy trends in Japan

9. In 2021, the Plan for Global Warming Countermeasures was revised to include more ambitious targets for FY 2030. In 2022, there is a possibility that FY 2030 targets will be revisited or strengthened "as necessary." Additionally, further consideration will need to be given to more specific policies and measures, as well as whether and how carbon pricing should be implemented.

Trends concerning climate-related financial disclosures

10. On October 14, the Task Force on Climate-related Financial Disclosures (TCFD) recommended that organizations should provide metrics including "Scope 3" greenhouse gas (GHG) emissions, which consist of all emissions other than a company's direct emissions and indirect emissions from purchased energy. TCFD also provided, as an example metric disclosed from financial organizations, GHG emissions financed by their loans and investment. While such disclosures are likely to become more common, measures should be taken to ensure that carbon intensive hard-to-abate

economic activities be appropriately treated.

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