

Chapter 2

Climate Pressure on Oil and Gas Business

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Since the Paris Agreement took effect, developed countries have declared CN targets. This chapter overviews each country's CN declaration status (CN with target year) and their measures for realising their targets.

1. Each Government's Move towards Low Carbonisation and Decarbonisation

1.2. Number of countries committed to CN

First, 121 countries declared CN to be achieved by 2050 at the end of COP25 (December 2019), but those were small countries with GHG emissions except for the European Union (EU) countries. As of December 2019, CO₂ emissions by the countries committed to CN accounted for 17.9% of worldwide CO₂ emissions; only the EU, the United Kingdom (UK), and Canada amongst the G7 nations were involved in the commitment.

Subsequently, President Xi Jinping announced in September 2020 at the United Nations General Assembly that China would aim for CN in 2060. Prime Minister Kan announced in October 2020 in his statement of belief that Japan would aim for CN in 2050. President Biden decreed as soon as he took office in January 2021 that the United States (US) would return to the Paris Agreement. The US set a CN target for 2050. Other countries announced their CN targets one after the other in preparation for COP26 in November 2021. As of COP26, over 150 countries (all G20 countries) announced their CN targets with target years. The number of countries that declared CN achievement by 2050 was 144 (42.2%); 152 countries (80.6%) declared CN achievement by 2060; and 154 countries (88.2%), by 2070. As shown in Figure 2.1, 88% of global emissions is covered by countries' net-zero ambitions as of November 2021. To view the latest information, please visit Net Zero Tracker.³

³ <https://zerotracker.net/>

Figure 2.1. Countries and Regions that Announced CN as of November 2021



Source: METI, Japan (December 2021)

2. Status of CN Declarations by Major Countries

In June 2019, the UK revised its Climate Change Act and became the first G7 country to have a CN target by 2050. In March 2020, the EU declared to achieve CN by 2050, with a CO₂ reduction of at least 55% of the 1990 level by 2030. In September 2020, China declared CN to be achieved by 2060 at the United Nations General Assembly. In October of the same year, Japan declared CN achievement by 2050. In February the next year, the US officially returned to the Paris Agreement and targeted CN achievement by 2050. Momentum for CN declarations grew in the run-up to COP26; and in October 2021, Australia declared CN achievement by 2050. In the same month, Russia announced its goal of achieving CN by 2060, and in the same month, Saudi Arabia also announced its goal of attaining CN by 2060. At COP26 in November 2021, India announced its goal of achieving CN by 2070.

In response to this trend, ASEAN countries also declared CN. In September 2021, Malaysia declared CN achievement by 2050; in November 2021, Viet Nam and Thailand declared CN achievement by 2050 at COP26. In the same month, Indonesia declared CN achievement by 2060.

Table 2.1 shows the CN declaration status with the target year for each country.

Table 2.1. Year of Carbon Neutrality as of November 2021

Country/Region	Year of Carbon Neutrality
Australia	2050
China	2060
European Union	2050
India	2070
Indonesia	2060
Japan	2050
Malaysia	2050
Russian Federation	2060
Saudi Arabia	2060
Thailand	2050
United Kingdom	2050
United States	2050
Viet Nam	2050

Source: Author.

3. Green-related Measures Taken by Each Country

Each country is also developing measures to achieve its CN targets. The EU has developed a public and private €1 trillion (US\$1 trillion) (Green Deal investment plan for 10 years, from 2020 to 2030). The UK is planning budgetary measures for realising CN, namely, £12 billion (US\$14 billion) in government spending and £42 billion (US\$49 billion) in induced private investment by 2030. Both are expected to create 250,000 jobs and reduce CO₂ emissions by 180 million tonnes- CO₂ (2023–2032). The UK is also planning intensive investment in its ‘10-point plan for a green industrial revolution (offshore wind, hydrogen, nuclear, zero-emission vehicle [ZEV], public transport, jet zero and green ships, greener buildings, CCUS, protecting our natural environment, green finance, and innovation).’ Out of its €50 billion (US\$50.7 billion) economic stimulus package for advanced technology support, Germany will invest €7 billion (US\$7.1 billion) in hydrogen-related technologies, €2.5 billion (US\$2.5 billion) in electric-charging infrastructure, and about €9.3 (US\$9.4 billion) billion in green technology development (energy systems, vehicles, and hydrogen). France will invest €30 billion (US\$30 billion) as a total project cost over 2 years in clean energy, infrastructures, and other measures.

The US will invest US\$2 trillion in decarbonisation fields such as EV promotion, green buildings, and energy technology development.

4. Lending Policies of the EIB and ADB

Growing concern about climate change issues has created a challenging atmosphere for investments in fossil fuels. Amidst this situation, the Asian Development Bank (ADB) has decided not to invest in constructing new coal-fired power plants. It intends to promote the early abolition of coal-fired power generation and the transition to renewable energy. ADB will stop financing new coal-fired power plants, natural gas exploration, and nuclear power generation.

The European Investment Bank (EIB) will stop funding projects utilising fossil fuels, including gas, at the end of 2021. The EIB has also set a goal of financing €1 trillion in the environmental sustainability field, including climate change, between 2020 and 2030.