



Innovation is essential to bring down the costs of emissions reductions and to reach hard-to-abate sectors. Accelerate innovation through a mission-oriented, outcome-based approach. Target support measures for early-stage innovation and research and development.

To ensure that the net-zero transition is publicly supported, governments must clearly communicate not only why policies are needed, but how they will be implemented and what impacts they may have on households. Carefully assess direct and indirect distributional impacts of climate policy. Communicate clear, accurate and easily accessible information to the public about how policies work. Managing the economic effects of climate policies on people is essential.

Better align financial system policies with climate mitigation and adaptation goals, including improved market practices, alignment of core investment policies, use of responsible business conduct tools, and harnessing the double role of the insurance sector as investor and insurance provider. Reaching net zero will require vast amounts of investment. There will be numerous economic opportunities, but financial markets and the private sector cannot rely on public spending to unlock these.

Their needs and perspectives must be given equal consideration. Recognize the interlink ages between climate and development transitions, drawing on all levels of development co-operation to converge on a global approach that aligns development and climate objectives. Developing countries are both the source of most future emissions and the most exposed to future impacts of climate change.

The net-zero transition will cause some jobs to be lost, but new jobs will emerge. Ensure reasonable labor market flexibility and mobility while promoting job quality and protecting workers. Identify skills needs and bottlenecks and prioritize up- or re-skilling. Helping workers shift between sectors, and ensuring they have the skills needed, is integral to an effective, fair and equitable transition.

However, recent global crises, and those to come, are an opportunity for governments to prioritize building climate and economic resilience - one that should not be missed ■

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*(Source: OECD Environment)*

Climate change impacts the rights to life, health, food, water, culture and to a clean, healthy and sustainable environment of present and future generations. Marginalized communities and Indigenous peoples are bearing the brunt of climate harm today, and this will only worsen with an increase in greenhouse gas emissions from the burning of more fossil fuels.

So, the time has come to reach a Climate Deal that will only be accessible to companies that decarbonize. Those that fail to decarbonize will not meet the standards required by the Climate Deal and the energy sector of the future. From oil to hydrogen, gas to biofuels, coal to nuclear, solar to wind, and buildings to transport, only companies that make clear commitments to decarbonization should benefit from regulatory incentives, financing, fiscal support for innovation, and beyond. This issue needs to be discussed and decided at the 28<sup>th</sup> UN Climate Change Conference (COP 28) in Dubai (UAE) from 30<sup>th</sup> November until 12<sup>th</sup> December 2023.

### **The world will continue relying on oil and gas production for decades to come**

The International Energy Agency (IEA) recently reported that by 2025, renewables will fuel 35% of global electricity generation, dethroning coal as the world's largest power source. In the US, solar power alone will account for over half of the new capacity in 2023. According to a major study published last year by the University of Exeter's Global Systems Institute, the world may have already passed a "global solar tipping point", where "solar energy gradually comes to dominate global electricity markets, even without additional climate policies".

At current exponential growth rates, solar, wind and batteries will supply over 80% of global electricity by the 2060s. Though impressive, the Intergovernmental Panel on Climate Change (IPCC) says this is not fast enough.

According to US Climate Envoy John Kerry, in 2018, the IPCC found that to keep global warming within the 1.5 degrees Celsius safe limit agreed upon by world governments in Paris eight years ago, we need to not only eliminate carbon emissions but start removing 5 billion tons a year of carbon dioxide from the atmosphere by 2050. So, while we need to accelerate the build-out of renewables faster than the current rate, with fossil fuels supplying about 78% of the world's energy needs and we'll continue relying on oil and gas production for decades to come. Therefore, it's imperative that fossil fuel industries adapt to the demands of decarbonization.

But for COP28 to deliver a new Global Climate Deal that incentivizes and compels the fossil fuel industry to decarbonize will require three things:



# Adapting to decarbonization demands will be key

*Firstly*, we need to accelerate the build-out of global renewable energy infrastructure as fast as possible. The dominance of the new clean electricity ecosystem based on solar, wind, storage and some other clean energy solutions is inevitable, but we have to boost it dramatically. This requires prioritizing climate financing to help decarbonize emerging countries with the greatest need to industrialize.

*Secondly*, given that we will still rely on fossil fuels during the energy transition, we need to ramp up the economic and technological viability of carbon capture and storage (CCS) technologies to decarbonize them as much as possible. By partnering with renewable energy to power CCS, fossil fuel companies can bring the economic and energy costs down dramatically, and scale it up faster.

*Thirdly*, we need to accelerate both carbon withdrawal technologies and nature-based solutions that can draw down billions of tons of carbon from the atmosphere every year. Any technology that contributes to the net-zero deserves to be studied.

## Energy and transport companies need to accelerate their “just transition” journey

The President-Designate of COP28, the UAE’s Minister for Industry and Advanced Technology and Special Envoy for Climate, Al Jaber proposes several ambitious goals, something that should be particularly considered. If COP28 fails to ratify even these proposals, we will have missed yet another unprecedented opportunity to create a firm foundation for even faster action to avoid climate change. That is why COP28 should launch an International Commission of High-Level Experts possessing knowledge in the scientific, economic, legal, technological and social fields to lead, supervise, and ensure the fulfillment of a new Global Climate Deal on these terms.

Energy companies need to accelerate their “just transition” journey or face disruption. Environmental, social and governance (ESG) criteria will soon be insufficient, and the companies incorporating them will not be pioneers, but merely compliant. Companies that ignore them will be left out of the market. Either industries move rapidly into net-zero, or they’ll face deterioration of assets and profits.

Finally, it is important to note that energy is now not only a market for goods but also for services. For this reason, the leading companies will be those with the greatest capacity for innovation. And the message to the energy and transport companies is clear: “Decarbonization will happen, and there is no way out. If you choose to be part of it, you’ll not only be saving your industry, but saving our planet too” ■

**AN BÌNH**

(Source: Euronews)



▲ Wind turbines turn behind a solar farm in Rapshagen (Germany)