



COP28 Highlights (And Lowlights?)

Going into COP28 – The key agenda

Global Stocktake (GST)

When this year's summit opened its doors in Dubai on 30 Nov, there were high hopes of the first-ever GST – which assesses the progress on climate action and to identify gaps since the landmark 2015 Paris Agreement.

The final iteration of the [GST text](#) was released on 13 Dec and adopted with no objection at the closing plenary. Following concerns over the last draft which presented a list of actions on fossil fuels countries “could” take, the new iteration seems to have a stronger language.

Loss and Damage Fund

Another focus was on the Loss and Damage Fund, first announced at COP27 last year. The announcement of the [draft framework](#) was one of the key points in UAE President Dr. Sultan Al Jaber's opening remarks at COP28, which lauded the agreement as “historic”. Nearly 200 countries have ratified the fund.

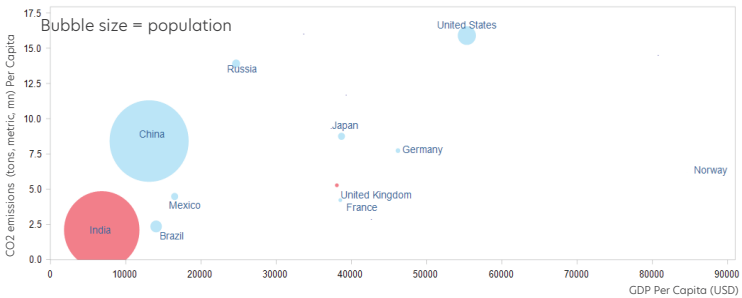
However, the \$725m so far pledged by wealthy nations most responsible for the climate emergency covers less than 0.2% of what is needed every year. Estimates for the annual cost of the damage have varied from \$100bn-\$580bn.

'Transition away' from fossil fuels

Fossil fuels – coal, oil and gas – are by far the largest contributor to global climate change, accounting for over 75% of global greenhouse gas emissions and nearly 90% of all carbon dioxide emissions.

This year, the burning of fossil fuel and manufacturing of cement have added the equivalent of 2.57 million pounds (1.17 million kilograms) of carbon dioxide into the atmosphere every second.

The world this year reportedly pumped 1.1% more heat-trapping carbon dioxide into the air than last year because of increased pollution from China and India.

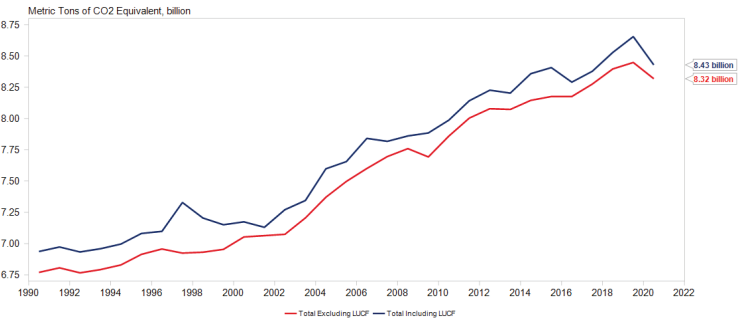


Cut methane

The Global Methane Pledge was launched at COP26, promising a 30% cut in humans' emissions by 2030. At COP28, several countries, including the US, Canada, Brazil, and Egypt, announced how they plan to meet their targets, and countries announced more than \$1 billion in new grant funding to help reduce methane.

However, many of the world's biggest methane emitters, including China, India, Russia, Iran and South Africa, have not signed on to the pledge.

Around 30% of warming is due to methane emissions

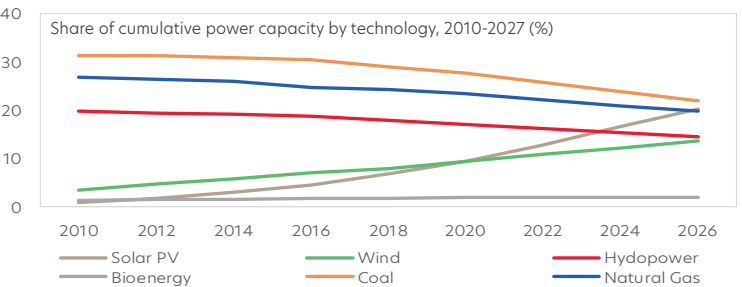


Triple 'renewables'; double efficiency

Around 130 countries had signed up to the pledge to triple global renewable power capacity by 2030 and double the annual rate of energy efficiency improvements by 2030. Those countries together account for 40% of global carbon dioxide (CO2) emissions from fossil fuel combustion, 37% of total global energy demand and 56% of global GDP.

Solar PV is now the fastest-growing renewable energy technologies, and among the least costly options for the new electricity generation in many countries, according to the IEA.

Solar PV's installed power capacity is poised to surpass that of coal by 2027, becoming the largest in the world.



COP28 and beyond: door to 1.5°C is closing rapidly

Pledges were made in the above key areas by many countries on renewables and energy efficiency, and by a significant number of companies on methane. More importantly, [COP28](#) concluded with all 198 parties endorsing a call to transition away from fossil fuels in the energy sector to achieve net-zero by 2050, for the first time.

Good news, but not good enough. The deal still stopped short of a long-demanded call for a “phaseout” of oil, coal and gas. Governments also could not reach agreements on the country to country trading regimes or rules for the overall carbon market in Article 6 of the Paris agreement, meaning that all of these negotiations have been pushed into next year. IEA analysis shows that the full delivery on these pledges – covering renewables, efficiency and methane/flaring – by the current signatories would result in global energy-related greenhouse gas emissions in 2030 being around 4 gigatonnes of CO2 equivalent lower than would be expected without them. This reduction in 2030 emissions represents only around 30% of the emissions gap that needs to be bridged to get the world on a pathway to meet the Paris Agreement goal of keeping global warming well below 2°C – let alone below the threshold of 1.5°C.

The headlines throughout COP28 have been a mix of pleasing, frustrating and baffling, highlighting the enduring rifts. And it is, after all, the action that will make more difference than the wording of a climate treaty.

Source: Macrobond, IEA, Global Economics & Markets Research
Friday, 15 December 2023

Lee Sue Ann
Lee.SueAnn@uobgroup.com

Global Economics & Markets Research
Email: GlobalEcoMktResearch@uobgroup.com
URL: www.uobgroup.com/research



Right By You

This publication is strictly for informational purposes only and shall not be transmitted, disclosed, copied or relied upon by any person for whatever purpose, and is also not intended for distribution to, or use by, any person in any country where such distribution or use would be contrary to its laws or regulations. This publication is not an offer, recommendation, solicitation or advice to buy or sell any investment product/securities/instruments. Nothing in this publication constitutes accounting, legal, regulatory, tax, financial or other advice. Please consult your own professional advisors about the suitability of any investment product/securities/ instruments for your investment objectives, financial situation and particular needs.

The information contained in this publication is based on certain assumptions and analysis of publicly available information and reflects prevailing conditions as of the date of the publication. Any opinions, projections and other forward-looking statements regarding future events or performance of, including but not limited to, countries, markets or companies are not necessarily indicative of, and may differ from actual events or results. The views expressed within this publication are solely those of the author's and are independent of the actual trading positions of United Overseas Bank Limited, its subsidiaries, affiliates, directors, officers and employees (“UOB Group”). Views expressed reflect the author's judgment as at the date of this publication and are subject to change.

UOB Group may have positions or other interests in, and may effect transactions in the securities/instruments mentioned in the publication. UOB Group may have also issued other reports, publications or documents expressing views which are different from those stated in this publication. Although every reasonable care has been taken to ensure the accuracy, completeness and objectivity of the information contained in this publication, UOB Group makes no representation or warranty, whether express or implied, as to its accuracy, completeness and objectivity and accept no responsibility or liability relating to any losses or damages howsoever suffered by any person arising from any reliance on the views expressed or information in this publication.