The price of the Sins of the Fathers – Will COP28 heed our Childrens' voices?

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Yesterday, ahead of the Cop28 summit in the United Arab Emirates next week, the UN warned, starkly, that the world is on track for a "hellish" 3C of global heating before the end of this century, given completely inadequate carbon-cutting policies.

The UN Environment Programme Emissions Gap report for 2023 states that predicted 2030 greenhouse gas emissions must still fall by 28% for the Paris Agreement 2°C pathway and 42% for the 1.5°C pathway, equivalent to the output of the world's five worst polluters: China, US, India, Russia and Japan.

The legacy we're leaving our children is unenviable. As things stand, the UNEP report states that even if we were to fully implement the unconditional Nationally Determined Contributions (NDCs) made under the Paris Agreement, the world would be put on track for temperature rises of 2.9°C above pre-industrial levels this century, whilst fully implementing conditional NDCs would only lower this to 2.5°C. The PWC Net Zero Economy Index shows the world is decarbonising at less than a fifth of the rate needed to avoid the worst effects of climate change.

UN Director General, Antonio Guterres said:

"Present trends are racing our planet down a dead-end 3C temperature rise. This is a failure of leadership, a betrayal of the vulnerable, and a massive missed opportunity. Renewables have never been cheaper or more accessible. We know it is still possible to make the 1.5 degree limit a reality.

"It requires tearing out the poisoned root of the climate crisis: fossil fuels."

So, is there any cause for hope?

Jonathan Porritt in his latest book, *Hope in Hell,* (2020) notes that according to Energy Policy Tracker governments put$202bn into fossil fuel businesses through 2020 and $183bn into renewables. But, in spite of this, he sees "the stirrings of an unprecedented economic and political transformation that will help us avoid that nightmare".

In his view there is no way that business as usual can possibly provide any rationale for us continuing to live our lives in the way that we do today. "Either we start doing *everything* we can to help make the future as good as it still can be, not just for our children and grandchildren, but for the whole of humankind. Or we don't."

Many economists, including Vicky Pryce, recognise the need to rethink economic models. She considers issues of intergenerational fairness in *Exploring the Green Economy,*(2021) along with the recommendations of UK Climate Change Review of 2006, led by Lord Stern who made clear the economic imperative of acting now to avoid worst outcomes, through 1% global GDP investment and 2% global GDP required to maintain temperatures at acceptable levels whilst imputing an $85 per tonne cost of carbon.

The IMF argues that an international price floor for carbon could accelerate the transition to green energy through an international carbon price floor (ICPF) agreement. This calls for the world's largest emitters to pay a floor price of $25-$75 per tonne of carbon, depending on their level of economic development.

Carbon pricing is explained as helping to shift the burden for emissions damage onto those responsible for it and who can reduce it. There are two main types of carbon pricing: emissions trading systems (ETS) and carbon taxes.

An ETS – also known as a cap-and-trade system – caps the total level of greenhouse gas emissions, allowing industries with low emissions to sell their extra allowances to larger emitters creating through supply and demand a market price for greenhouse gas emissions.

A carbon tax sets a price on carbon through a defined tax rate on greenhouse gas emissions or on the carbon content of fossil fuels.

The IMF's paper, *Economic and Environmental Benefits from International Cooperation on Climate Policies,* argues this policy lever would reduce emissions sufficiently to accomplish the 2-degree target – as the only feasible option out of all those they considered. It would also have only a small impact on global economic growth—provided countries also invest in low-carbon energy. According to IMF estimates, the ICPF would reduce global gross domestic product by 1.5 percent by 2030, with the world's poorest countries seeing a much smaller slowdown (just 0.6 percent).

IMF also argues it would ensure that the costs of transition are spread according to the different levels of responsibility and income levels. The ICPF proposal sets price floors per tonneof carbon at $25 for low-income countries, $50 for middle-income countries, and $75 for high-income countries as a fairer arrangement than a global uniform carbon price with less need for additional transfer payments between countries.

The UK's own ETS applies to energy intensive industries, the power generation sector and aviation. Activities in scope of the UK ETS are listed in Schedule 1 (aviation) and Schedule 2 (installations) of the Greenhouse Gas Emissions Trading Scheme Order 2020. Forty countries and more than 20 citiesand regions use carbon pricing mechanisms covering about half their emissions and equating to just 13% of annual global greenhouse gas emissions.

PWC judges that an international carbon price could pay for itself if revenues raised in this way were returned to households leading to a less than 1% GDP impact. Over the longer term, they see most, if not all, of the GDP loss beingoffset by reduced economic losses due to warming resulting from sea level rises, labour losses, hits to agricultural productivity and damage to human health.

The Climate Policy Factbook: Cop28 Edition notes that for COP28 to make any meaningful headway, parties will need to agree to dramatically ratchet up climate plans through phasing out fossil-fuel subsidies, more robust carbon-pricing programmes and further implementation of climate-risk policies through legislation. This report notes that all but one G-20 member country has one national or state-level carbon-pricing policy, or such a program in planning but that most are ineffective at driving companies and consumers to switch to renewable power and green technologies such as heat pumps. This is explained as being primarily down to carbon prices being too low, with only five exceeding $40 per metric ton – the lower end of the range the World Bank estimates wereneeded by 2020 to limit global warming to 2C.

With COP28 expected to score just 3.6 out of 10 on progress across 10 key areas crucial to achieving climate goals outlined in the Paris Agreement, based on BNEF analysis, the grounds for hope look slim indeed. Jonathan Porritt takes hope fromthe youthful protests taking place around the world, seeing no reason why '*the anger of the young should not continue to grow and grow as the full extent of our betrayal of them is revealed*,' especially as almost 30% of the worldwide population is under 18.

Will COP28 heed the ‘Greta effect’ and “*ACT LIKE YOUR HOUSE IS ON FIRE. BECAUSE IT IS.*”

References

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