

# Prospects for carbon markets and net zero

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28 May 2021

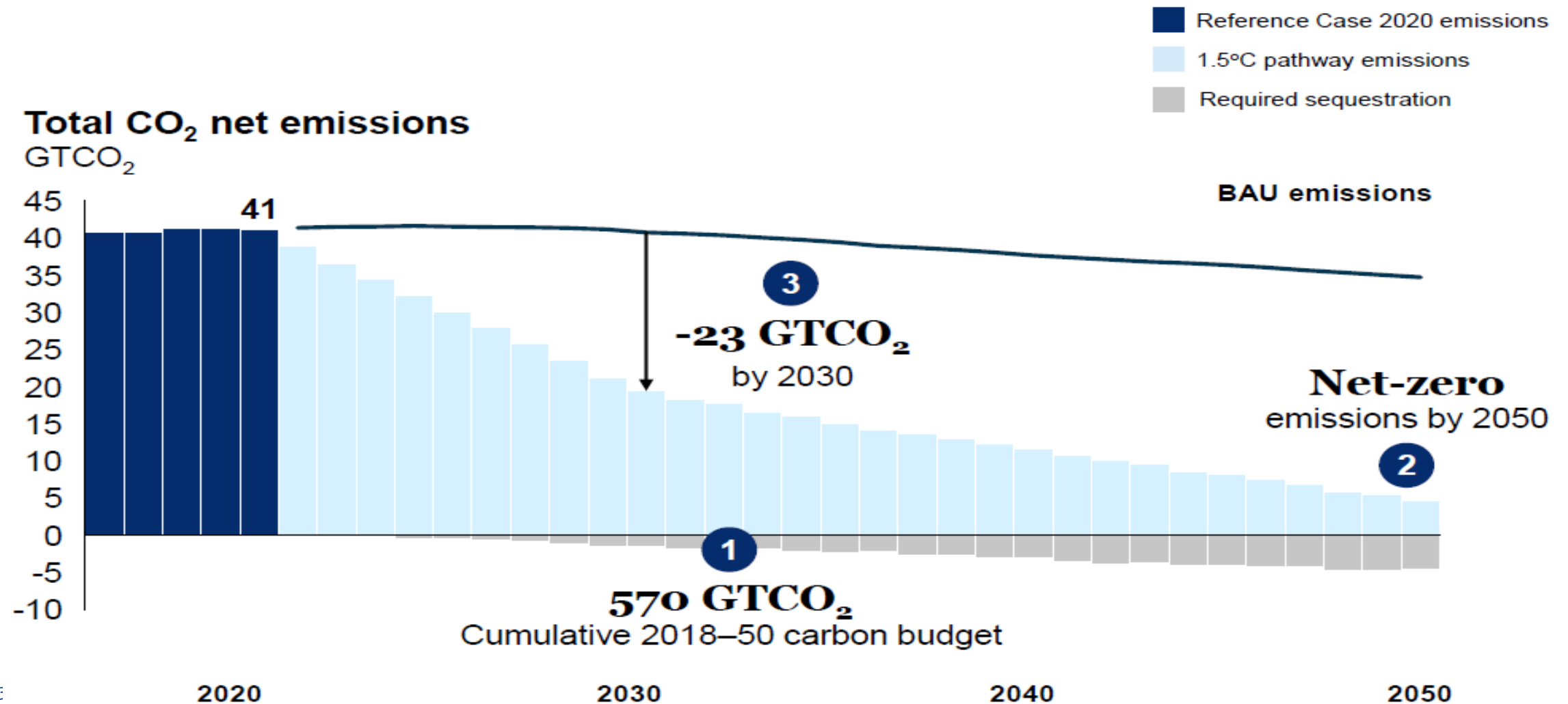


# About IETA

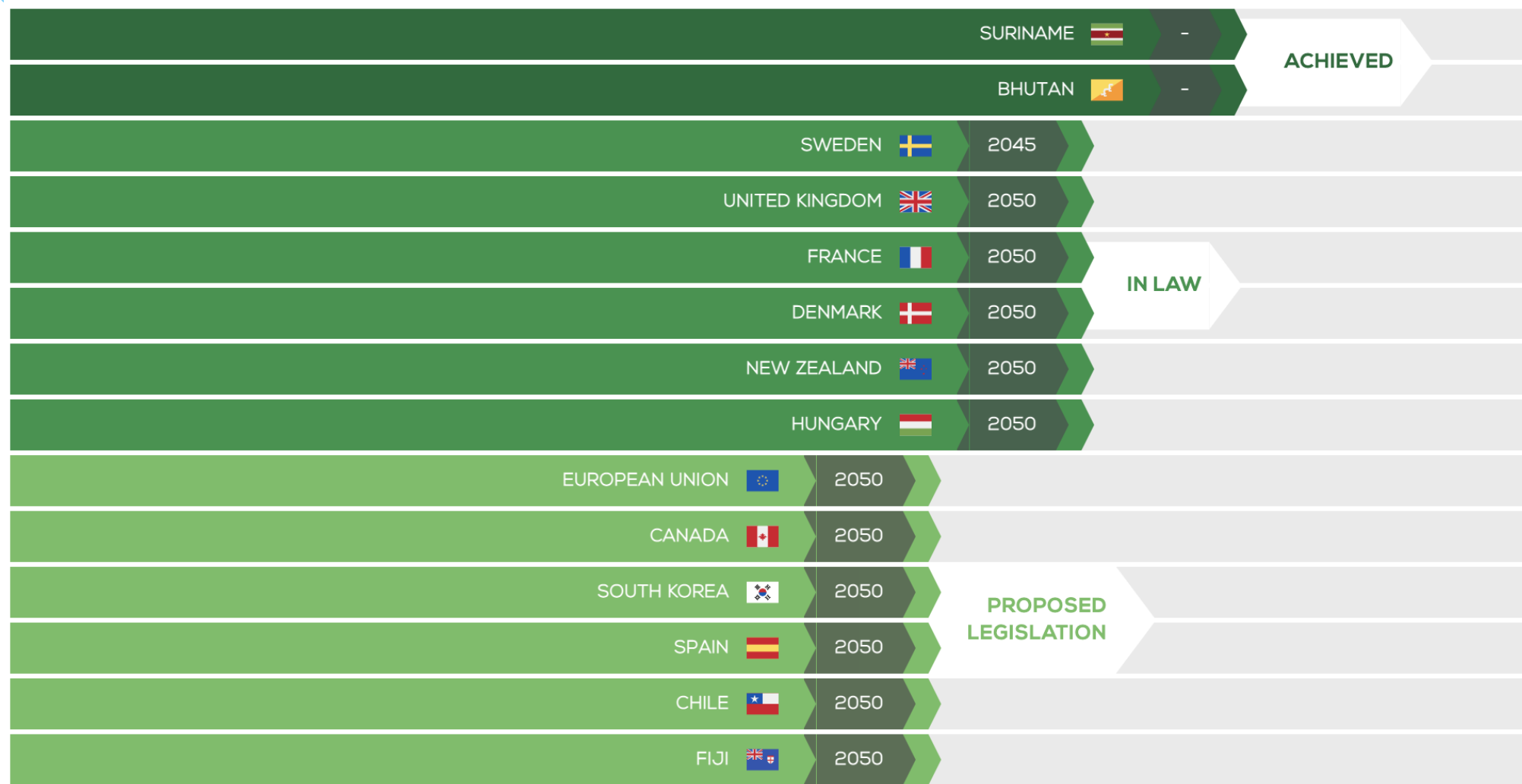


- Collective voice of business on carbon pricing, markets and finance
- Global non-profit association
- Policy design, thought leadership, best practices, global capacity building,
- Global Partnerships & Dialogues with UNFCCC, World Bank, OECD-IEA and many more

# 1.5°C Pathway Emissions (2020-2050)























# Net Zero Tracker: 2021 Scorecard (Countries)



Net Zero Tracker: 2021 Scorecard (24 May 2021)  
 Energy and Climate Intelligence Unit  
<https://eciu.net/netzerotracker>

# Net Zero Tracker: 2021 Scorecard (Countries)

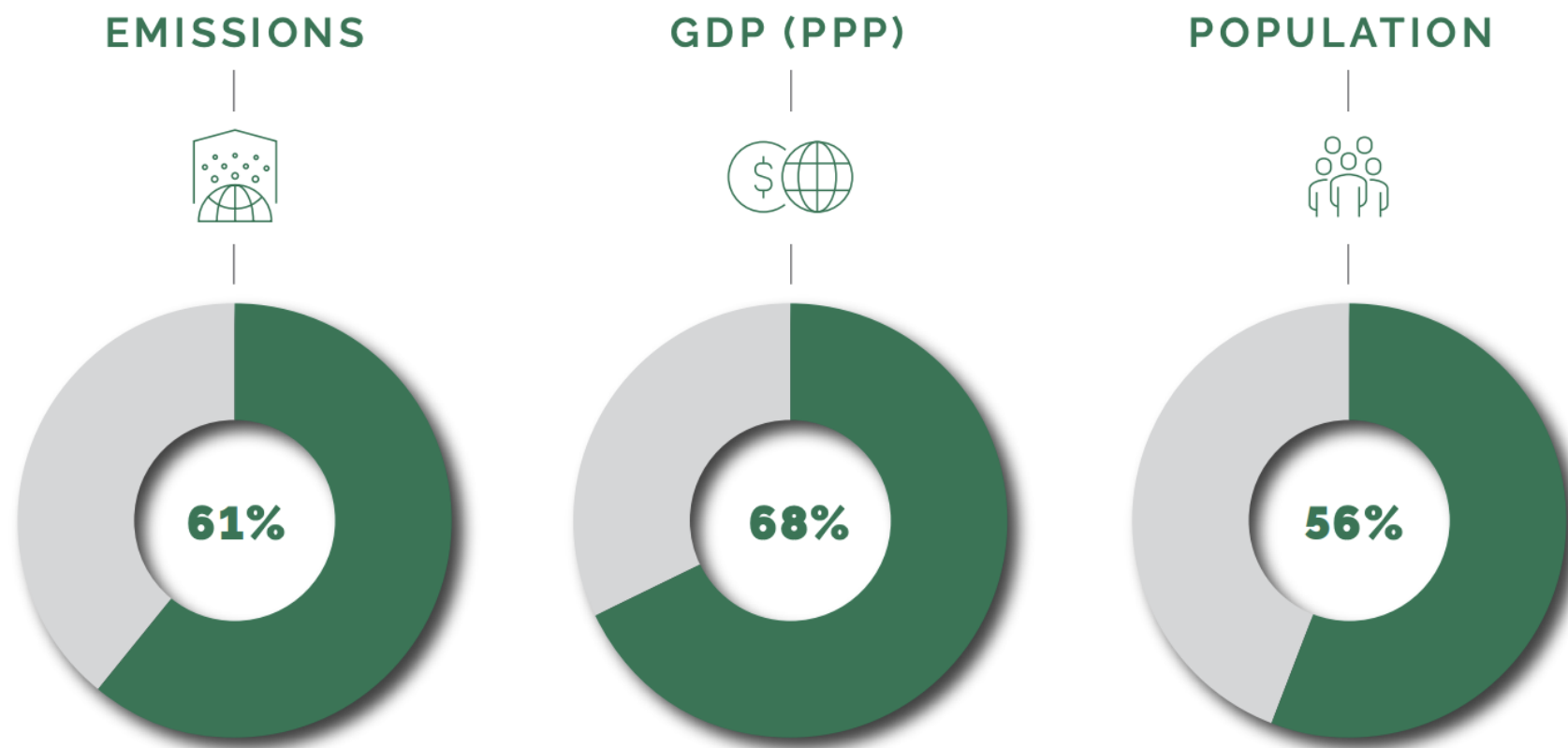
FINLAND		2035	
AUSTRIA		2040	
ICELAND		2040	
GERMANY		2045	
US		2050	
JAPAN		2050	
SOUTH AFRICA		2050	
BRAZIL		2050	
SWITZERLAND		2050	
NORWAY		2050	
IRELAND		2050	
PORTUGAL		2050	
PANAMA		2050	
COSTA RICA		2050	
SLOVENIA		2050	
ANDORRA		2050	
VATICAN CITY		2050	
MARSHALL ISLANDS		2050	
CHINA		2060	
KAZAKHSTAN		2060	

IN POLICY  
DOCUMENT

And many others  
“under discussion”,  
for a total of 124

Net Zero Tracker: 2021 Scorecard (24  
May 2021)  
Energy and Climate Intelligence Unit  
<https://eciu.net/netzerotracker>

# Net Zero Tracker: 2021 Scorecard



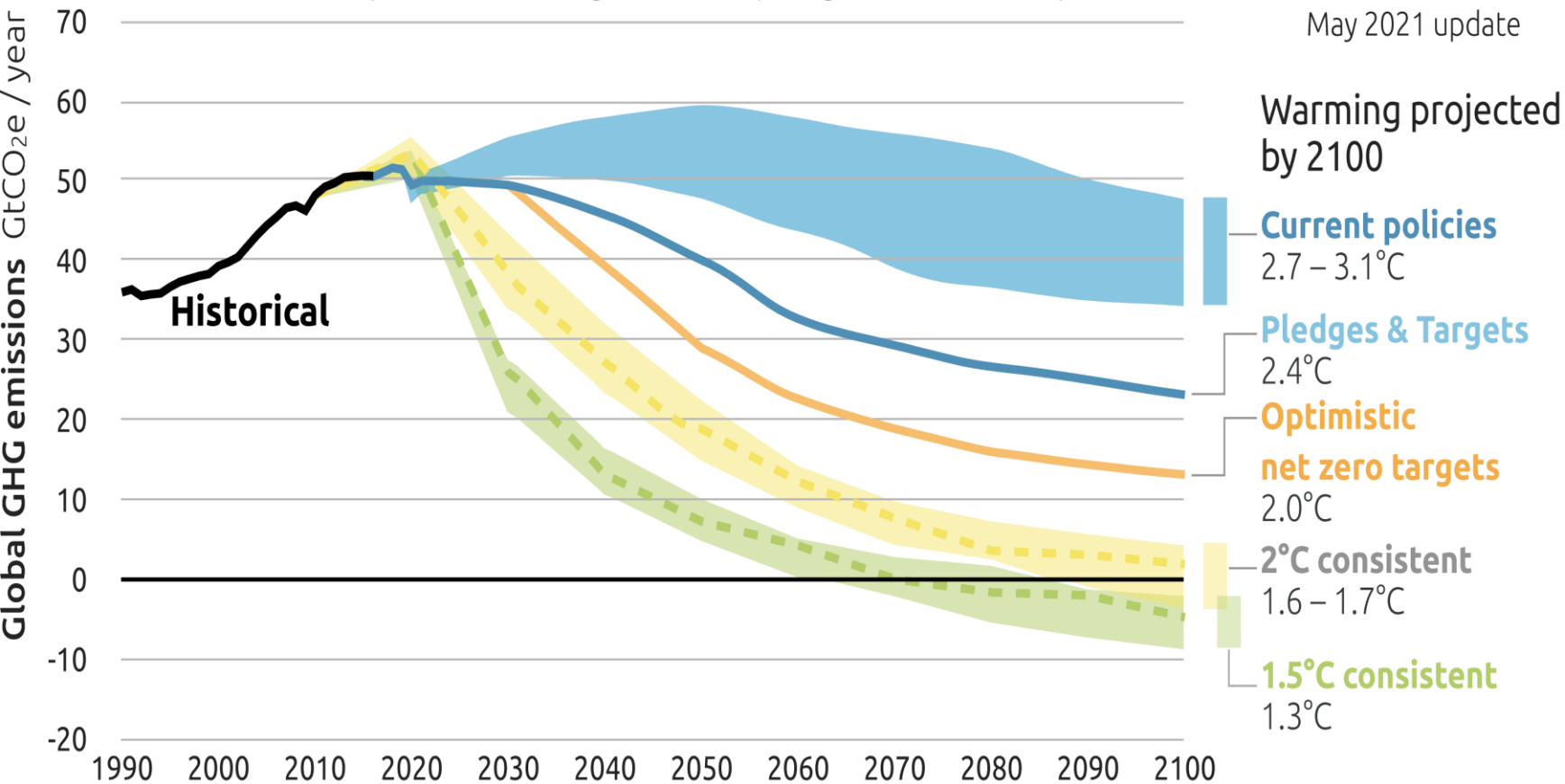
*Taking Stock: A global assessment of net zero targets,*  
Energy and Climate Intelligence Unit  
<https://eciu.net/analysis/infographics/global-net-zero-ambition>

**Fig. 1:** Percentage of greenhouse gas emissions, GDP and population covered by national net zero pledges (the status of these pledges ranges widely, including proposed, in discussion, in policy document, in law and achieved. For more details, see Figure 5.). Population estimate also includes cities, states, and regions. GDP is assessed in purchasing power parity terms (see footnote 43 on page 16)

# Countries Must Enhance Climate Ambition

## 2100 WARMING PROJECTIONS

Emissions and expected warming based on pledges and current policies



May 2021 update

Warming projected by 2100

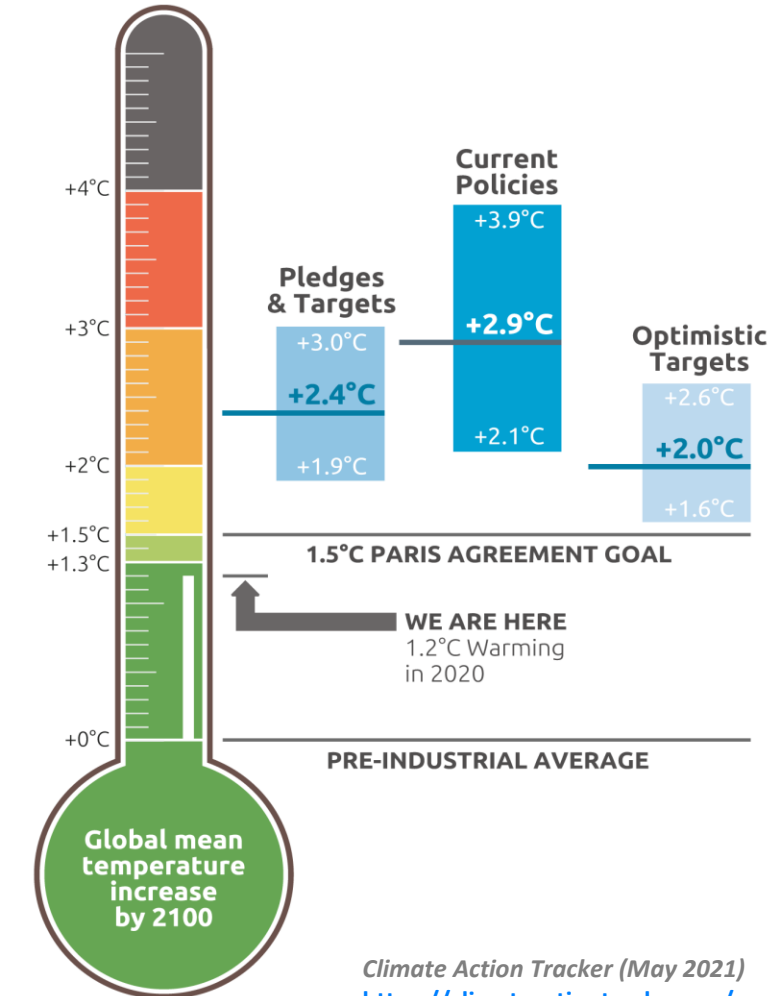
**Current policies**  
2.7 – 3.1°C

**Pledges & Targets**  
2.4°C

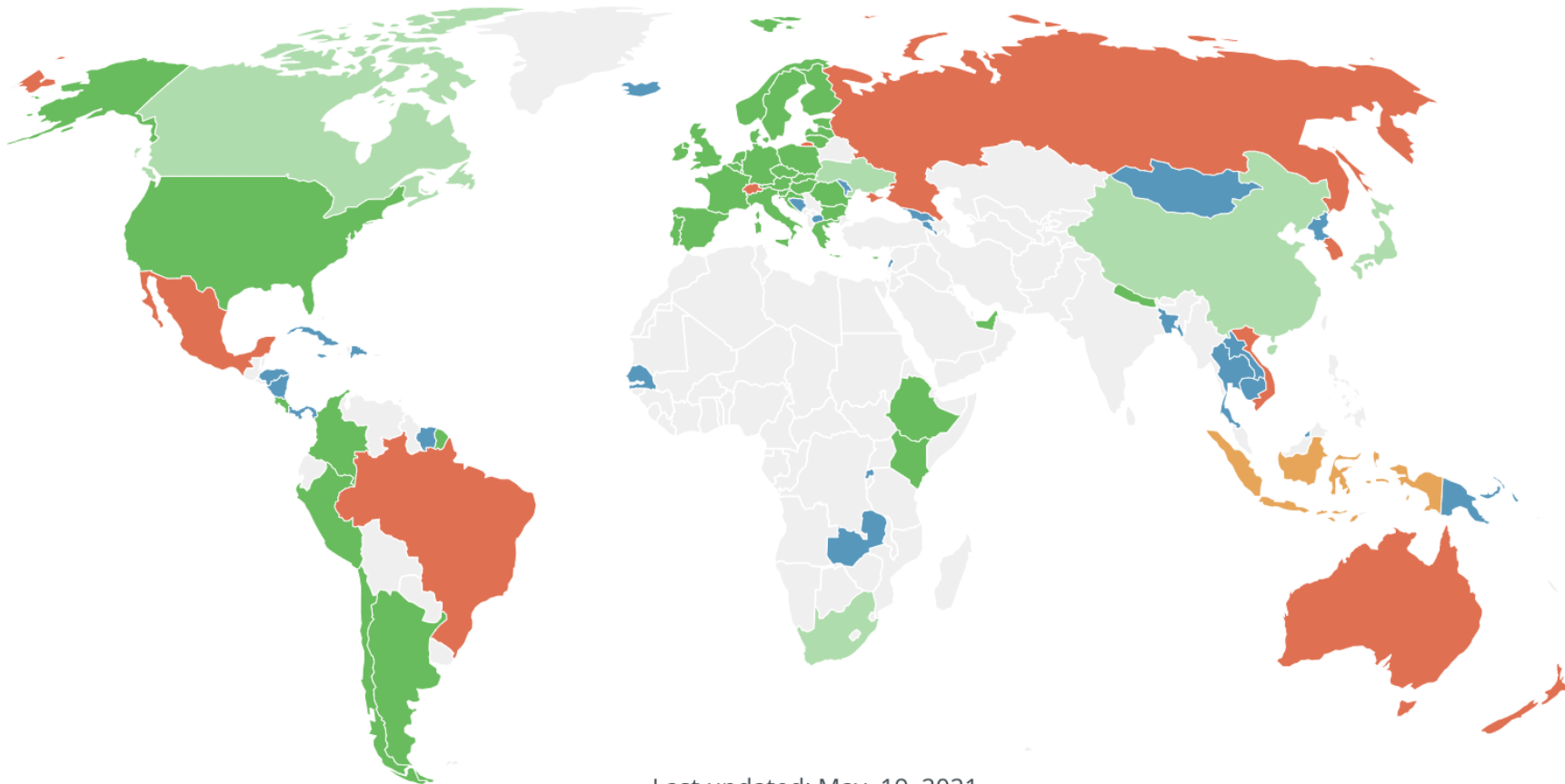
**Optimistic net zero targets**  
2.0°C

**2°C consistent**  
1.6 – 1.7°C

**1.5°C consistent**  
1.3°C



# Countries Must Enhance Climate Ambition



Last updated: May. 19, 2021

Map is for reference only

Climate Action Tracker (May 2021)  
<https://climateactiontracker.org/>

## CLIMATE TARGETS

Status of the NDC update process

**57** Countries have **submitted** new NDC targets (56 countries plus the EU27)

**13** Countries we analyse have submitted **stronger NDC targets** (12 countries plus the EU27)

**9** Countries we analyse **did not increase ambition**

**35** Countries **we do not analyse** submitted new NDC targets

**6** Countries have **proposed** new NDC targets

**5** Countries we analyse have proposed **stronger NDC targets**

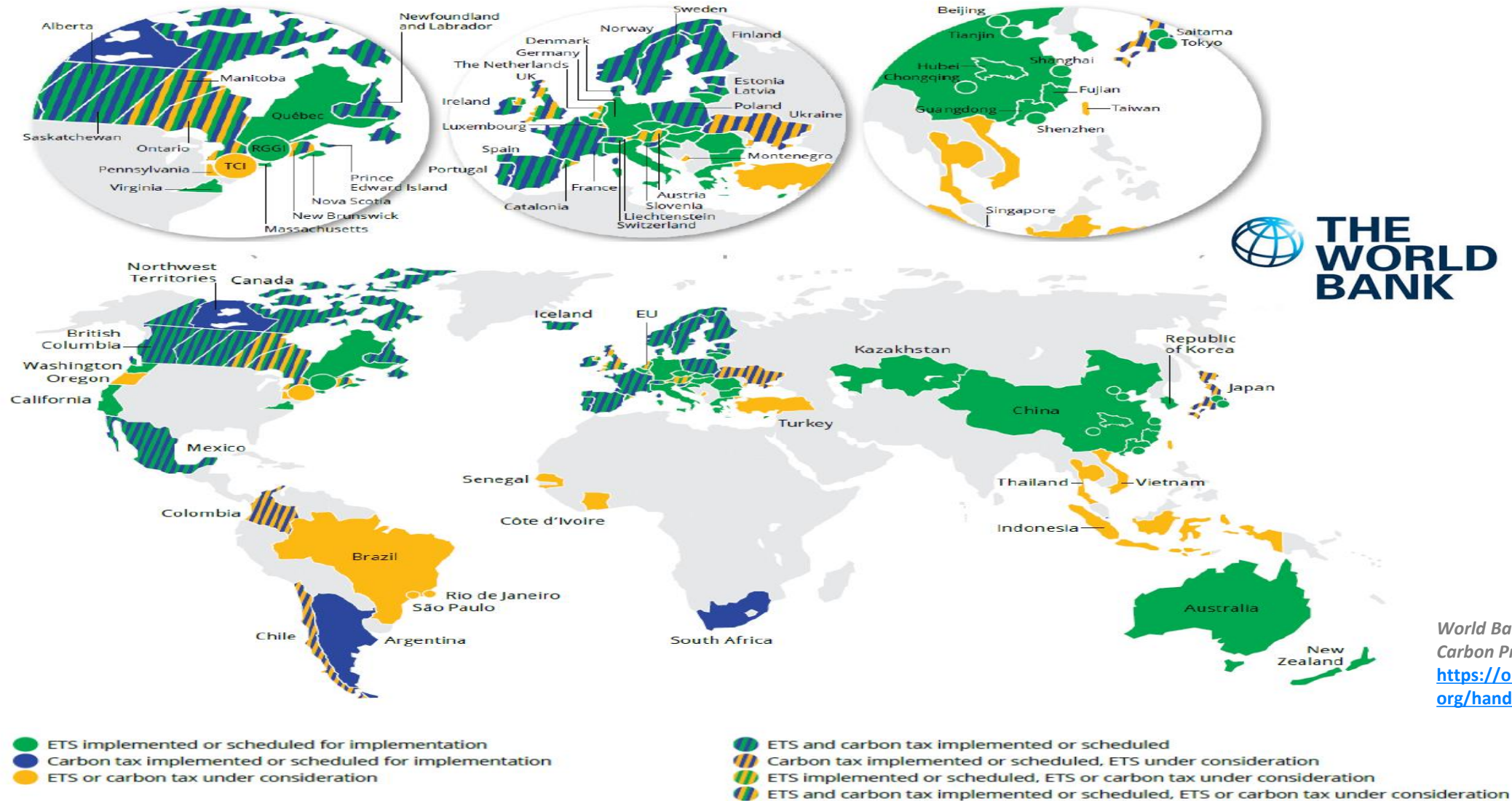
**1** Country we analyse stated it **will not propose more ambitious targets**

**0** Countries **we do not analyse** proposed new NDC targets

**101** Countries have not updated targets



# Carbon pricing worldwide

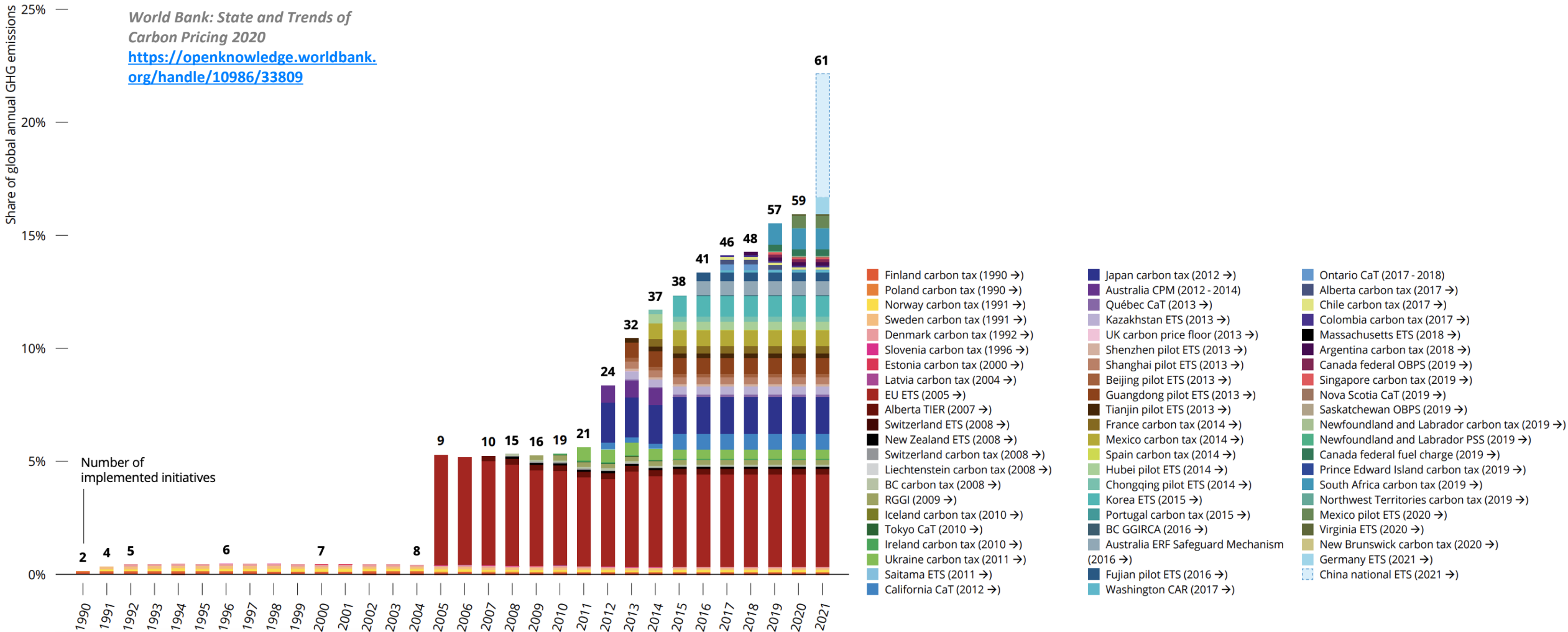


World Bank: State and Trends of  
Carbon Pricing 2020  
<https://openknowledge.worldbank.org/handle/10986/33809>

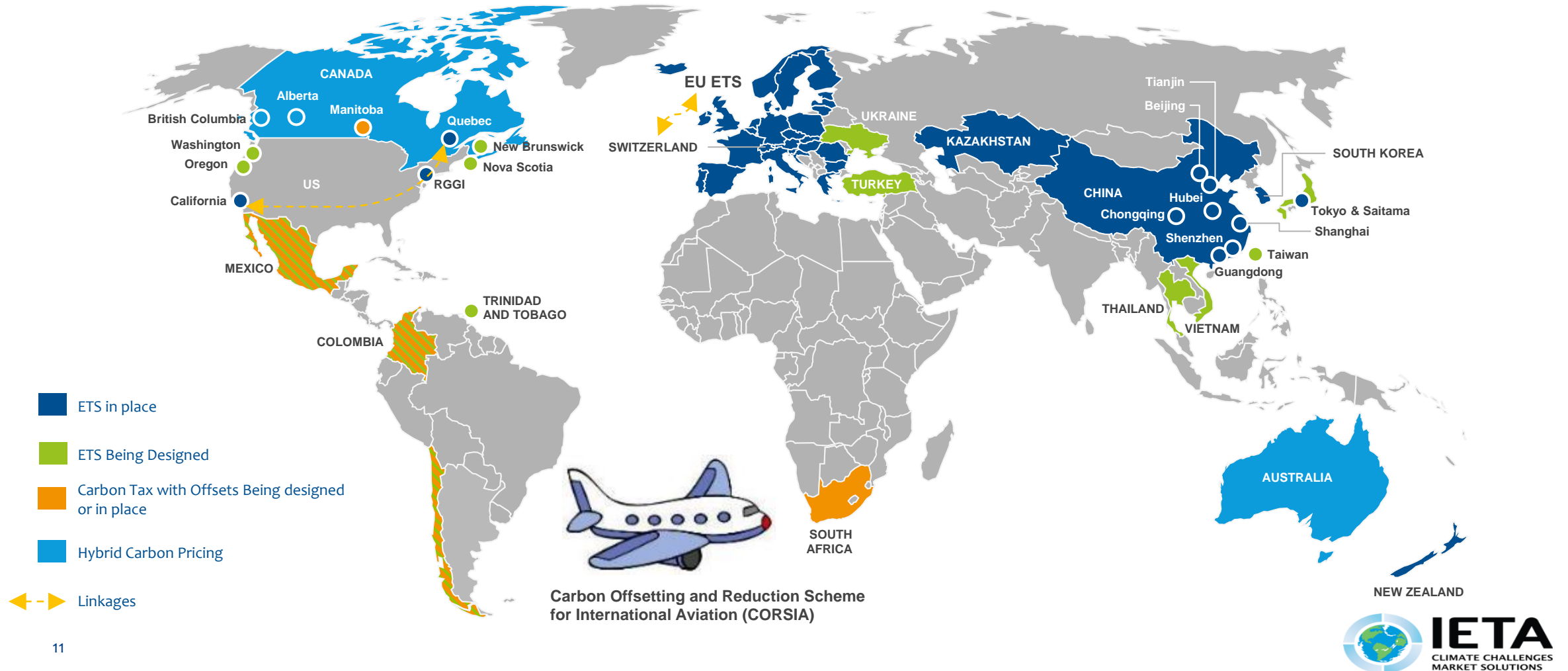
**IETA**  
CLIMATE CHALLENGES  
MARKET SOLUTIONS

# Carbon pricing worldwide

World Bank: State and Trends of Carbon Pricing 2020  
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# Carbon markets worldwide



# Carbon markets worldwide

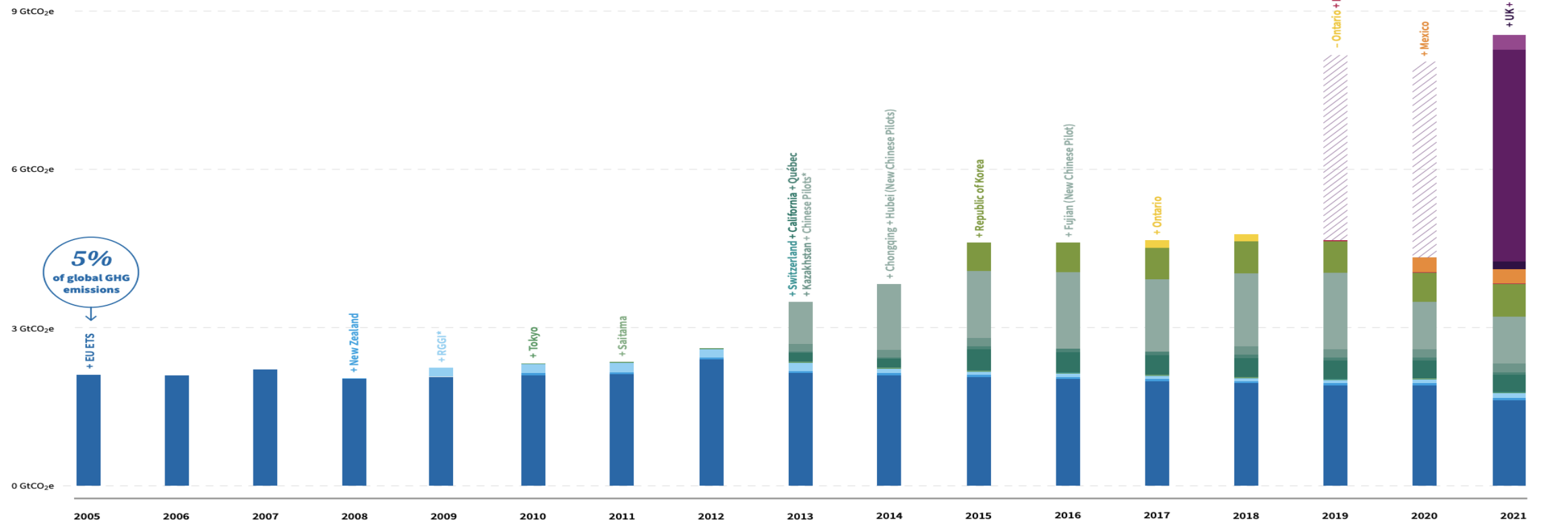
## GLOBAL EXPANSION OF ETS

*The share of global GHG emissions under an ETS tripled since 2005*

The graphic depicts the worldwide growth of emissions trading over time. Systems are spreading around the world. With new additions in China, Germany, the UK and Virginia, the share of GHG emissions covered by emissions trading has tripled since the launch of the EU ETS in 2005. Changes over time are driven by the addition of new sectors and systems, as well as by the counteracting trends of declining caps in many systems and growing global emissions. See "Notes on Methods and Sources" for further details.

*Emissions Trading Worldwide: ICAP  
Status Report 2021*

<https://icapcarbonaction.com/en/icap-status-report-2021>

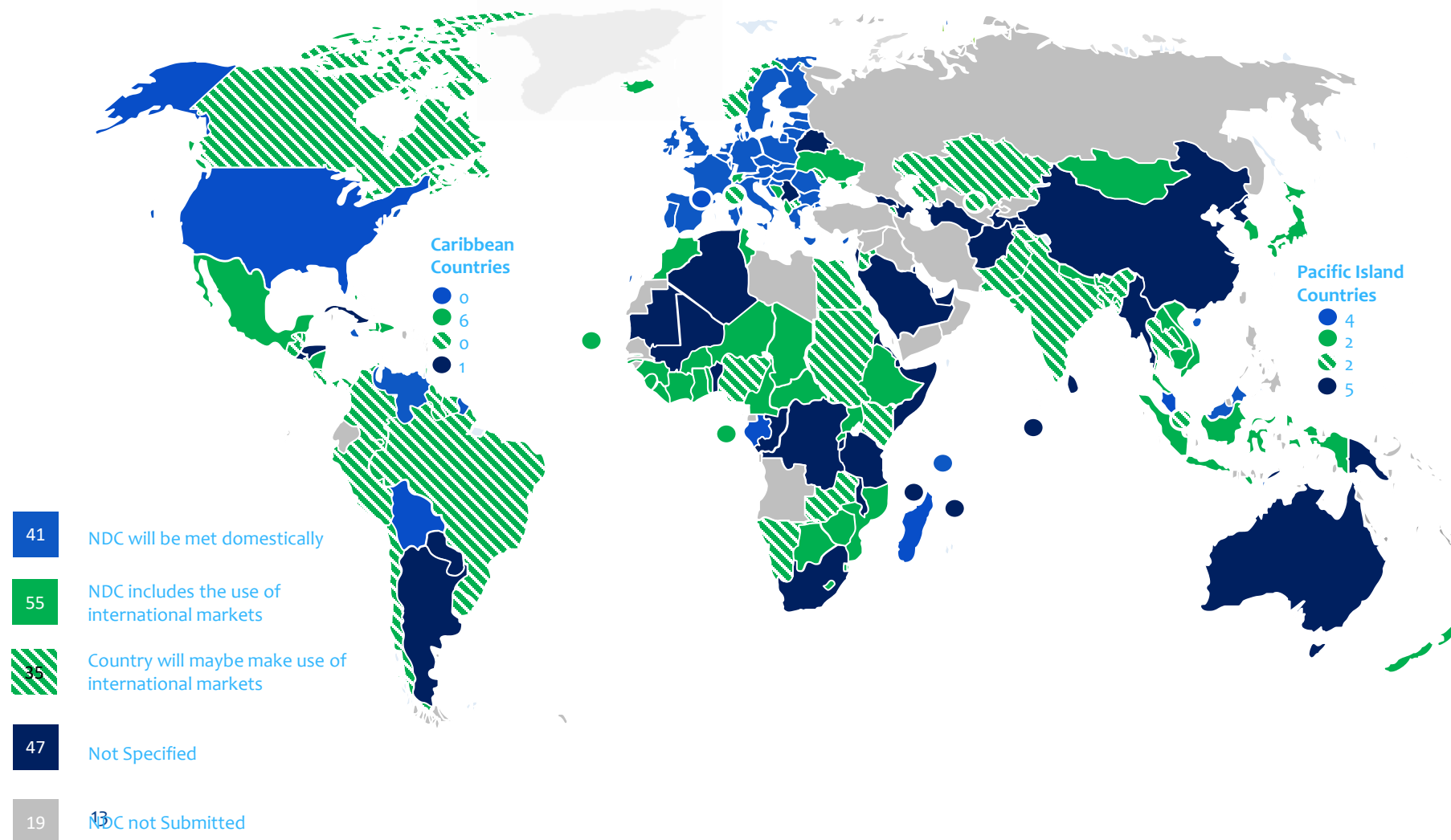


\* RGGI includes New Jersey (as of 2020) and Virginia (as of 2021).

\* Beijing, Guangdong, Shanghai, Shenzhen, Tianjin

\*The Chinese National ETS came into force in 2021 but has retroactive compliance obligations in 2019 and 2020, indicated above by the striped bars.

# Market Friendly NDCs (2015-2018 update)



## NDC Synthesis report

“Almost all Parties provided information relating to voluntary cooperation. Most of them, more than double compared with the previous NDCs, communicated that they plan to or will possibly use voluntary cooperation in at least one of its scopes in implementing their NDCs”

# How valuable is Article 6?

- \* The economic potential available through Article 6 from extension to include land use change is significant.
- \* Utilizing the economic efficiency gains to enhance ambition offers additional potential benefits
- \* All countries show GDP gains
- \* Realizing this potential is a major real-world challenge.

2030 Potential Article 6 Reduction in Cost (Billions 2015 USD/year)		
	Reduction in Cost	Increased Ambition
Fossil Fuels Only	~\$250 billion	5 GtCO <sub>2</sub> per year
Land Use Only	~\$70 billion	4 GtCO <sub>2</sub> per year
Combined	~\$320 billion	9 GtCO <sub>2</sub> per year



# Article 6 pilots

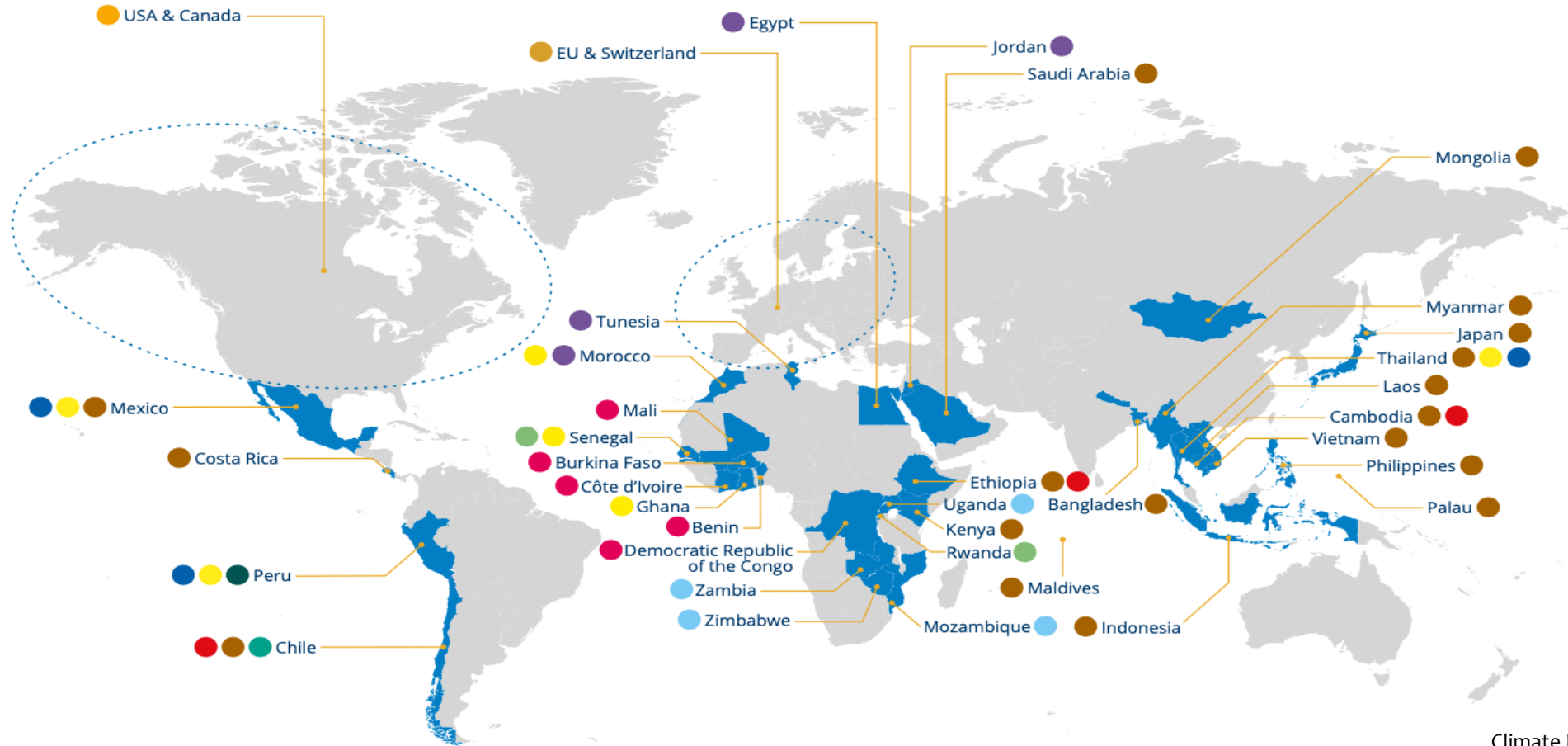


Figure 5: The global Article 6 piloting landscape



Climate Finance Innovators –  
Observations from Article 6 pilots

**Thank you!**