

Climate Investment Update

Climate Change & ESG
Global

Crucial COP26 climate conference pushed to 2021

- ◆ COP26 has been postponed because preparation work cannot be done effectively under the risk of COVID-19
- ◆ This is no surprise as governments globally completely refocus on battling the coronavirus; new 2021 dates yet to be chosen
- ◆ We think potential economic stimulus packages have the chance to embed climate change into future growth

A pivotal year no more: The COP Bureau of the United Nations Framework Convention on Climate Change (UNFCCC) has announced the postponement of the crucial climate talks in Glasgow, originally due to take place in November. 2020 was supposed to be the year where the world focused solely on raising ambition levels after the disappointment and disarray of the climate talks last December. The climate agenda was already facing challenges of disharmony and political distraction, which left too much work to 2020. This will now all, understandably, be pushed to 2021.

A temporary pause in emissions: With the world effectively in recession (see *Global Economics: Shockdown*, 2 April 2020), a significantly lower level of greenhouse gases are being emitted. However, in our view, there is no structural change taking place, only postponement. Emissions are likely to spike back up as energy demand resumes but we think this is a chance for business recovery to focus on longer term resilience as the impacts of climate change continue.

Over the long term: We had flagged in *How does COVID-19 affect ESG issues?* (16 March 2020) that any delay to climate negotiations would not be an immediate negative, but pushing out climate-related action and policy would limit climate ambition over the near term, and perhaps, the political will to raise climate pledges in the future. As Patricia Espinosa, UN Climate Secretary, states “**COVID-19 is the most urgent threat facing humanity today, but we cannot forget that climate change is the biggest threat facing humanity over the long term.**”

Chart 1: COVID-19 has thrown climate and sustainability plans off track



Source: HSBC

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Selected HSBC reports on climate change

On account of carbon: The carbon price of changing behavior 2 April 2020

Climate Investment Update: UK Budget: missed opportunity to set climate credentials: 12 March 2020

The European Green Deal: Climate details lacking in new Industrial Strategy: 11 March 2020

The European Green Deal: EU Climate Neutrality Law proposed: 05 March 2020

Fragile Planet 2020: Scoring climate risks: who is the most resilient: 20 January 2020

US emissions are down, but no time for celebration: 09 January 2020

The climate in 2020: A five-legged race to refocus: 06 January 2020

COP 25: Intransigence Climate Change: Renegotiating a 'pre-nup' after the wedding, 16 December 2019

The European Green Deal Resetting the economy with a new growth strategy 12 December 2019

What is a carbon border tax anyway? 28 November 2019

A guide to COP25: Taking the Paris rulebook from Santiago to Madrid 14 November 2019

US submits Paris Agreement withdrawal notification 05 November 2019

A new metropolis: Future cities: global warming and the risks to health 05 November 2019

A new metropolis Buildings crucial to curbing urban emissions 17 October 2019

Oceans and Cryosphere: The melting of the Blue Planet: 26 September 2019

California pollution waiver revoked 20 September 2019

Wildfires rage from Australia to the Amazon and Arctic 20 September 2019

The human side of adaptation 11 September 2019

Climate Change and Land: Stranded on a desert planet 09 August 2019

Disclosure appendix

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