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New US 2030 emissions reduction goal accelerates global race to attract investment in net zero emissions industries and infrastructure

Australia and New Zealand risk falling behind in the global race to attract private capital investment in net zero emissions industries and infrastructure after President Biden committed the United States to reduce its greenhouse gas emissions by 50-52 per cent from 2005 levels by 2030.

Analysis by the Investor Group on Climate Change (IGCC) shows the new US target is now one of the strongest emissions reduction commitments amid the G20, only slightly behind what has been adopted by the United Kingdom and European Union (EU) nations. Overnight Japan and Canada, key trading partners and allies of Australia and New Zealand, also strengthened their emissions reduction goals for the end of the decade.

Australia and New Zealand's current 2030 goals now fall well behind this global standard for climate ambition on a range of measures. New Zealand's Climate Change Commission is currently reviewing the nation's end-of-decade goal, while Australia has to date refused to consider a stronger 2030 target.

The IGCC analysis below compares Australia and New Zealand's 2030 emissions reduction targets with G20 nations. This analysis covers and finds:

- **National record on achieving past international emissions targets and current policy projections against existing 2025/30 targets:** Independent analysisⁱ shows most countries have achieved their past emissions targets and are on track to achieve their 2025/2030 targets. Australia, South Korea, Mexico and the US are not yet on track to achieve the targets they committed to in 2015. Canada and Argentina are also currently off track but with new announced policies can achieve current 2030 targets. This does not assess the adequacy of targets against emissions pathways consistent with the objectives of the Paris Agreement. Most countries' 2030 targets are not consistent with a fair contribution to meeting the objectives of the Paris Agreement.
- **Commitment to updating targets in line with agreements made in Paris:** In advance of COP26, countries have agreed to review and update their 2030 emissions targets and put in place a long-term strategy to achieve net zero emissions. Australia has currently not committed to updating their 2030 target in line with the objectives of the Paris Agreement and unlike its major trading partners has not committed to net zero emissions by mid-century.
- **Per capita emissions and the emissions intensity of the economy if 2030 target is achieved:**ⁱⁱ In 2030, Australia's per capita emissions would be the third highest among the G20 after Saudi Arabia and Russia. New Zealand would have the fifth highest per capita emissions when compared to G20 nations. The emissions intensity of the Australian economy in 2030 would be the highest among advanced G20 economies. New Zealand would sit in the middle of the pack. Emissions intensity is a proxy for the competitiveness of an economy in a carbon-constrained world. On this measure the competitiveness of Australia, and to a lesser extent New Zealand, falls well behind leaders such as the UK, EU and the US.
- **Comparison of targets vs 1990 and 2005 emissions:** Australia and New Zealand's emissions targets are weak compared with relevant G20 countries except Russia. They fall well behind the targets of the EU, UK and the US. Australia's target is around 30 per cent lower than the average emissions reductions of its international peers.



Table: G20 nations and New Zealand current 2030 emissions targets

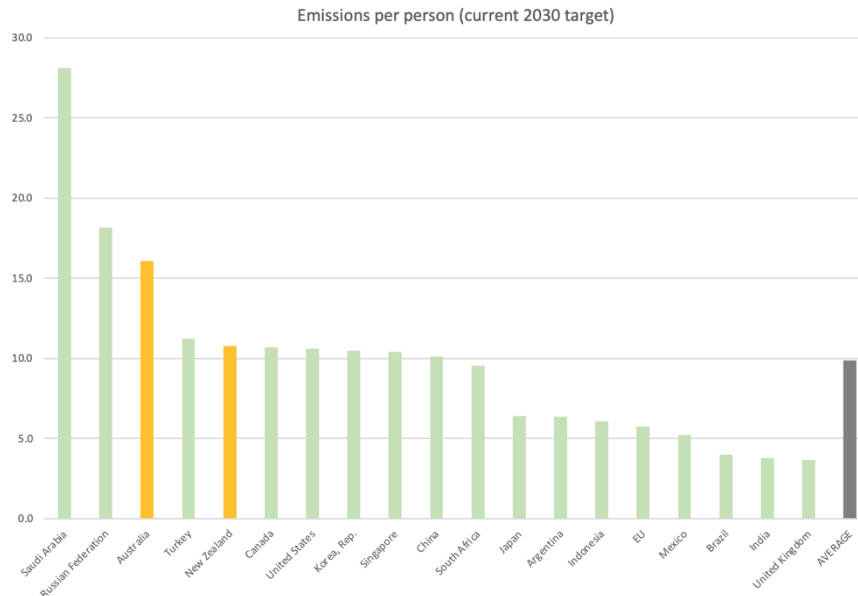
	On track/met targets?			Commit to enhance their 2030 target	Net zero mid-century goal	2030 with target		Change on baseline	
	2010	2020	2025/30			CO2t/person	CO2/GDP ⁱⁱⁱ	1990 ^{iv}	2005
Australia	Y	Y	N		N	16	0.26	-26%	-26%
New Zealand	Y	Y	Y	Y	Y	11	0.23	-10%	-30%
Argentina ^v	N/A		N*	Y	N	9	0.57		3%
Brazil	N/A	Y	Y		Y	4	0.39	N/A	N/A
Canada	N	N	N*	Y	Y	11	0.21	-27%	-40%
China	N/A	Y	Y	Y	Y	10	0.70	N/A	N/A
EU	Y	Y	Y	Y	Y	6	0.14	-55%	-51%
India	N/A	Y	Y		N	4	1.64	N/A	N/A
Indonesia	N/A	Y	Y		N	6	1.29	N/A	N/A
Japan	Y	Y	Y	Y	Y	6	0.14	-40%	-45%
Korea Rep. ^{vi}	N/A	N	N	Y	Y	10	0.25		-5%
Mexico	N/A	N	N		N	5	0.48	N/A	N/A
Russia	Y	Y	Y		N	18	1.41	-19%	29%
Saudi Arabia	N/A		Y		N	28	-	N/A	N/A
Singapore ^{vii}	N/A	Y	Y		N	10	-		49%
South Africa	N/A	Y	Y	Y	N	10	1.58	N/A	N/A
Turkey	N/A		Y		N	11	-	N/A	N/A
United Kingdom	Y	Y	Y	Y	Y	4	0.07	-68%	-63%
United States	N	Y	N	Y	Y	11	0.14	-43%	-50%

N/A is Not Applicable: Countries, including Australia and New Zealand, have agreed that advanced economies will implement economy-wide targets below absolute baselines. For other countries such as China and India, they agreed their targets should progress towards these kinds of absolute baseline goals through time. For example, in the 2000s China implemented sector strategies supported by international finance, which was followed by national targets based on reductions in emissions intensity for the 2020 and current 2030 targets. Each new commitment would be expected to move these international commitments towards absolute caps on national emissions, then an absolute emissions reduction target. Argentina, Singapore and South Korea recently converted their emissions intensity targets into absolute emissions targets. These targets against the 2005 baseline are shown for reference. Colours denote relatively strong (green) or weak (orange) comparative results across the different metrics. Where countries have expressed a reduction range in their target, such as Australia and the US, the lower bound has been used as the comparison point.

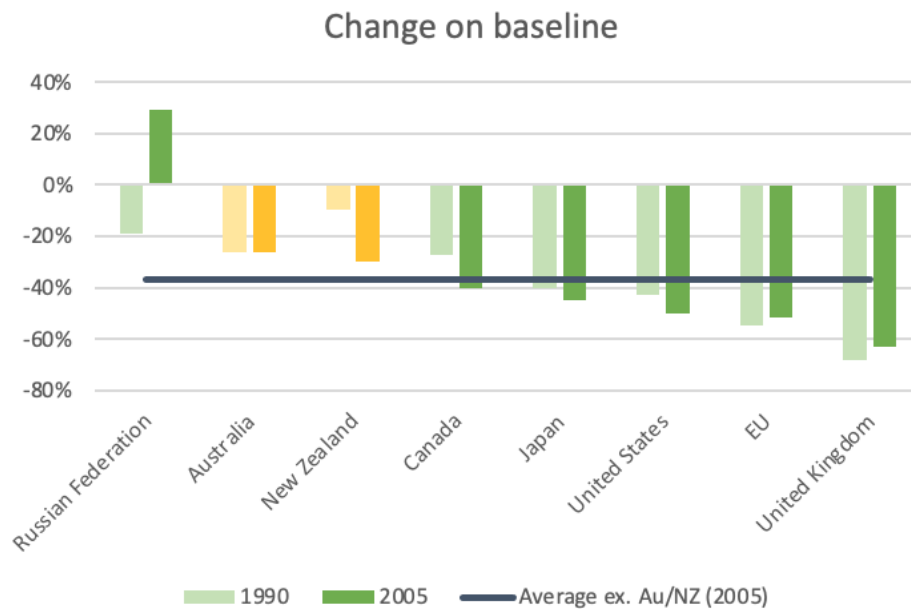
* Possible with newly announced policies.



Graph: G20 nations and New Zealand emissions per person with current 2030 goals



Graph: 2030 emissions targets vs 1990 and 2005 baselines – Annex 1 G20 economies and New Zealand



IGCC Chief Executive Officer, Emma Herd, said: “The new US emissions reduction target for 2030 is an enormous market signal that the world’s largest economy and second largest greenhouse gas polluter is accelerating its transition to net zero and is intent on meeting its obligations under the Paris Agreement.

“IGCC’s analysis shows that Australia and New Zealand’s current emissions reduction commitments for 2030 are weak compared to those of Europe, the UK and the US on most measures. Our key trading partners and allies, Japan and Canada, have now also strengthened their 2030 goals. In a welcome step, New Zealand’s Climate Change Commission is currently reviewing the relative strength of the country’s end-of-decade target.



“These targets are signals to global capital markets about how seriously a nation is taking the net zero transition and how intent it is on creating the enormous investment opportunities in new clean industries and infrastructure on offer.

“There are trillions of dollars in private capital that investors are looking to commit to the transition to net zero emissions. Nations who are not keeping pace with the comparative global benchmark for ambition will be at an increasing competitive disadvantage in global capital markets.

“[Previous economic analysis for IGCC](#) has shown that if Australia was to adopt emissions targets consistent with the goals of the Paris Agreement, and a policy framework to achieve it, then it could create \$131 billion in fresh domestic investment opportunities alone by 2030, and more again in export industries.

“Many investors and businesses are moving ahead of national governments in setting their own emissions goals. Through [Climate League 2030](#), a ten-year initiative to bring together action across the private sector towards Paris-aligned emissions reductions for Australia, 17 major investors with \$890 billion in assets under management, have committed to act towards helping the country reduce emissions by at least a further 230 million tonnes a year by 2030, equivalent to at least a 45 per cent reduction from 2005 levels.”

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Notes to editors

Media outlets are welcome to use the above and below tables and graphs for publication, credited to IGCC. To access the raw data please contact IGCC directly.

Summary of current emissions targets as stated by governments

	Current 2025 and 2030 targets	Mid-century
Australia	26-28% below 2005 levels	
New Zealand	30% below 2005 levels	Net zero by 2050 excluding farm and waste methane. Farm and waste methane 24-47% below 2017 levels by 2050
Argentina	313 million tonnes by 2030	
Brazil	43% below 2005 levels	Net zero by 2050
Canada	40-45% below 2005 levels	Net zero by 2050
China	Peak emissions before 2030; Over 65% reduction in emissions intensity of economy (below 2005)	Net zero by 2060
EU	55% below 1990 levels	Net zero by 2050
India	33-35% reduction in emissions intensity of economy (below 2005)	
Indonesia	29% below business as usual by 2030	
Japan	46-50% below 2013 levels	Net zero by 2050
Korea Rep.	24.4% below 2017 levels	Net zero by 2050
Mexico	22% below business as usual by 2030	50% below 2000 levels by 2050
Russia	30% below 1990 levels	
Saudi Arabia	130 million tonnes below business as usual by 2030	
Singapore	Peak emissions at 65 million tonnes around 2030	Halve emissions by 2050; Net zero in the second half of the century
South Africa	398-614 million tonnes between 2025 and 2030	
Turkey	21% below business as usual by 2030	
United Kingdom	68% below 1990 levels	Net zero by 2050
United States	26-28% below 2005 by 2025; 50-52% below 2005 levels by 2030	Net zero by 2050

ⁱ <https://climateactiontracker.org>

ⁱⁱ ¹ Based on population and GDP projections from the World Bank and OECD respectively

ⁱⁱⁱ Emissions (t)/GDP (M\$). Internally consistent longer-term GDP projections for all countries not available

^{iv} Non-Annex I countries with stated absolute emissions are not assessed in a 1990 baseline

^v Argentina increased the ambition of its target and included an absolute cap on emissions for the first time.

^{vi} South Korea has not yet increased the ambition of its target and but included an absolute cap on emissions for the first time. It has stated that it plans to update its 2030 target by the end of this year

^{vii} Singapore did not increase the ambition of its NDC but included an absolute cap on emissions for the first time