



CPD Dialogue

G7 Summit in 2023:

***Call for Global Initiatives for Ending Support for Fossil Fuels
and Accelerating the Transition to Renewable Energy in
Developing Countries***

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10 May 2023

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1. Introduction

1. Introduction

- On the background of a **geopolitical challenge**, the 49th G7 Summit (19-21 May, 2023; Hiroshima, Japan) will be a major event for developed countries **to review** their ongoing pursuit to address the global climate crisis
- This year's summit will pave the way for **developing world** to follow and spur collective action on this global challenge
- A major demand raised by international civil societies is '**to develop a roadmap** to operationalise the G7 leaders' commitment to end government support for all fossil fuels
 - Through Official Development Assistance (ODA), export finance, investment and financial and trade promotion support, the **transition** to renewable energy can be accelerated (InterAction, 2023)
- In the 2022 summit, the G7 emphasised that climate change is a **global challenge** that requires urgent and ambitious actions
 - In 2023, G7 ministers agreed to **speed up the clean energy transition** and set new targets for solar and wind capacity as a part of the goal to reach net-zero greenhouse gas (GHG) emissions by 2050 (Obayashi, 2023)

1. Introduction

- Very few of the 2023 G7 goals and commitments are **actual actionable measures**, rather most are still very broad based, generalised and unclear goals, objectives and future commitments
 - The **timeline** of the implementation process and **funding** mechanism are also **not clear**
- The G7 countries have **not reached to a consensus** on a set timetable for **coal phase-out**, though they are firmly acknowledging that supporting fossil fuels goes against the Paris Agreement's pledge
- **Being an emerging** developing country, Bangladesh has special interest in this summit on multiple accounts, including food and energy security, climate change and sustainable development
- Based on the contemporary geo-political dynamics of the global energy sector, it is absolutely necessary to raise the issues and concerns related to G7 countries
 - Particularly regarding the **investment and climate finances** specially in fossil fuels in Bangladesh and to demand for **accelerated renewable** energy financing in the coming years

2. Global Commitments of G7 Countries for Energy Transition

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2.1 COP 27 Commitment on Fossil Fuel Phase-out

Country	Deadline	Method
Japan	Phase out 90% of its old and inefficient coal-fired power generators by 2030	Build and operate high-efficiency coal power plants that are considered "cleaner"
USA	Significantly declined coal use; but has not announced any precise date	Relying on market forces, regulatory policies, and public financing restrictions
UK	Unabated coal power by 2024	Not mentioned
Canada	Significantly declined coal use; By 2030 and achieve a net-zero electricity grid by 2035	Pledge to end public financing for unabated fossil fuel projects abroad by the end of 2022
Germany	Plan to phase out as late as 2038	Accelerated the exit in the western state of North Rhine-Westphalia by 2030
Italy	By 2025	National Energy Strategy
France	Phased out coal on 2022	The "Law on the end of fossil-fuel extraction", was signed in 2017

2. Global Commitments of G7 Countries for Energy Transition

2.2 NDC Emission Targets for Energy Sector

Country	Targets	Method
Japan	Net Zero by 2050	
USA	By 2030	<ul style="list-style-type: none">• Tailpipe emissions and efficiency standards,• Incentives for zero-emission personal vehicles,• Funding for charging infrastructure to support multi-unit dwellings• Public charging and long-distance travel,• Very low carbon new-generation renewable fuels for aviation,• High-performance electrified buildings,• Incentivise carbon capture
Canada	By 40-45% below 2005 levels by 2030	<ul style="list-style-type: none">• Set pricing for carbon pollution• Complementary actions to reduce emissions• Adaptation and climate resilience• Lean technology, innovation and jobs
UK	At least 68% economy-wide net reduction in GHG emissions by 2030 compared to 1990	Not mentioned

2. Global Commitments of G7 Countries for Energy Transition

2.2 NDC Emission Targets for Energy Sector (contd.)

Country	Targets	Method
Germany	Reduce its greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels and the mean-wise target is -47% for per-Capita Emissions by 2030 relative to 2015 (excl. LULUCF)	Not mentioned
Italy	33% reduction in greenhouse gas emissions by 2030 compared to 2005 levels	<ul style="list-style-type: none">• Per-Capita Emissions by 2030 relative to 2015 (excl. LULUCF) should be -22%• Reduction in GHG for all non-ETS sectors by 33%• At least 40% domestic reduction in GHG emissions by 2030 compared to 1990
France	40% reduction in greenhouse gas emissions by 2030 compared to 1990 levels	Reduce the share of nuclear energy in the electricity mix from 71% to 50% by 2035 while increasing the share of renewables to 33 per cent by 2030

2. Global Commitments of G7 Countries for Energy Transition

2.3 International Renewable Energy Financing Commitment

- It is evident that the G7 countries are committed to finance in renewable energy sector of the developing countries through various international organizations

Country	Commitment
Japan	\$3 bln in Green Climate Fund
USA	Double its annual public climate finance to developing countries by 2024 and to triple its adaptation finance by 2024 (Only \$1 bln in 2022)
UK	£11.6 bln for international climate finance between 2021 and 2026
Canada	\$300 mln in Green Climate Fund
Germany	Invest 177.5 bln euros (\$180 bln) over the next four years (from 2022) to help accelerate the shift to an economy that's cleaner and less dependent on Russia for energy supplies
Italy	69 bln euros (\$74 bln) for green transition measures through National Recovery and Resilience Plan (NRRP)
France	30 bln euros (\$32 bln) for green transition measures through National Recovery and Resilience Plan (NRRP)

3. Current Debate on Energy-Related Issues in the G7 Summit 2023

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- The G7's commitment to achieve **net-zero emissions** during the summit is **confounding**.
 - On one hand the group is showing decent commitments on some issues, on the other hand, the efforts are not even **bare minimum** on other issues
- The group itself has acknowledged that their movements on the phase-out of fossil fuel and fossil fuel subsidies are **far behind their commitment**
 - The discussion on ending LNG finances is still **off the table** as the group is considering “LNG as transitional fuel”
- The group has shown **notable progress** on setting some concrete renewable energy goals to be achieved by 2030 in parallel to the fossil fuel phase- out
- However, they still have **not expressed** any strong determination to mobilise the **climate finance** to fight against the risks of climate change, adaptation and mitigation, and accelerate renewable energy finances in the LDCs, developing and vulnerable countries

3. Current Debate on Energy-Related Issues in the G7 Summit 2023

3.1 Phasing out Coal at Home and Abroad

- At the most recent meeting of the G7 countries, the group of nations **couldn't come up** with any firm date to phase out coal
 - The G7 countries had committed to abandoning coal by 2030 at home and to end new direct public support for the international unabated fossil fuel energy sector by the end of 2022
- Canada and the UK **pushed for the inclusion** of a 2030 deadline and more ambitious plans to eliminate domestic coal-fired electricity
 - But their plan failed following **strong opposition** from other G7 countries
 - As France has already phased out coal and has **accepted the proposal**, Japan **debated** against them, which was supported by the United States and the European Union
- Germany reportedly offered alternative wordings to the firm timeline proposed by the UK, with drafts being circulated mentioning coal phase-out "**ideally by 2030**" or "**in the 2030s**".
- The group is **deviating** from the **uniform goal** of coal phase out
- Japan, US, Canada and UK are also **financing** and planning to finance 'clean coal power plants', that will use technologies such as **carbon capture and ultra carbon capture**, greenwashing etc.

3. Current Debate on Energy-Related Issues in the G7 Summit 2023

3.2 Phasing out LNG at Home and Abroad

- G7s have **admitted** that fossil fuel subsidies are **inconsistent** with the goals of the Paris Agreement to the elimination of inefficient fossil fuel **subsidies by 2025** or sooner
- The 2023 environmental ministers' communique stated that investment in the gas sector can be **appropriate** to help address potential market **shortfalls** (high energy prices and inflation for the degradation of environmental, economic and social impact) provoked by the Ukraine crisis
- The group has emphasised the importance of LNG and natural gas as energy sources for the **transition period** to the global net zero commitment
- USA with the highest LNG export capacity is now working on **promoting 'green' natural gas**
- Canada **plans to enter the LNG export** regime in 2025 and will be able to export 14 mln tonnes of LNG yearly with the future potential of 28 mln tonnes
- Japan is considering the **requirement of gas and LNG** for about 10 to 15 years before figuring out the exit plan if there will be any
 - Japan is **investing in LNG** globally, including in Bangladesh

3. Current Debate on Energy-Related Issues in the G7 Summit 2023

3.3 Promoting Renewable Energy at Home and Abroad

- G7 nations recalled their **commitment to achieving** fully or predominantly decarbonised power sectors by 2035
 - They also assured to remain committed to ensuring access to affordable, reliable, and sustainable energy for all, through the Communiqué
- The group announced **major new wind and solar goals**, targeting a collective increase in offshore wind capacity of **150 GW and 1 TW Solar PV by 2030**
 - The plan involves accelerating the deployment of all renewable energy sources, such as **solar, onshore/offshore wind, hydropower, geothermal, sustainable biomass, biomethane, and tidal power**
- However, G7 member nations **are yet to shed light on their** individual targets to promote renewable energy overseas and mobilise funding for those
- In 2022, V20 and G7 formed the **Global Shield Financing Facility** to channel grants to developing countries through World Bank projects or projects prepared by other participating partners
 - According to this initiative's official press release, Germany initially **contributed around EUR 170 mln** and more than, EUR 40 mln from the other six countries have been accumulated.

3. Current Debate on Energy-Related Issues in the G7 Summit 2023

3.4 Global Commitments to Support Developing Countries to Address Climate Change

- G7 aims to work towards ensuring that the **Green Climate Fund (GCF)** continues to promote the paradigm shift towards **low-emission and climate-resilient** development pathways by using ambitious, cost-effective, and transformative climate investments
 - Through acceleration of innovative solutions and de-risking investments both for mitigation and adaptation
- The G7s commit to implement establishing **new funding arrangements** for responding to **loss and damage**.
 - The fund will include a special fund for assisting developing countries that are particularly vulnerable to the **adverse effects of climate change** in responding to **loss and damage** (Article 8, Paris Agreement)
- G7 countries are committed to the **Global Shield Financing Facility** that will finance integrated financial protection packages to those vulnerable to climate shocks and disasters

3. Current Debate on Energy-Related Issues in the G7 Summit 2023

3.5 Financing debate

- The group has highlighted the **necessity of mobilising** financial resources from private and public, national and international sources to achieve the existing commitments
- The environment ministers emphasised on the leading role of International Financial Institutions (IFIs) including Multilateral Development Banks (**MDBs**) in mobilising finance
- The G7s will continue to speed up efforts to implement the **Glasgow Climate Pact's** call to developed country Parties to at **least double** their collective provision of climate finance **for adaptation** to developing country Parties from 2019 levels by 2025
- After failing to scale up finance provision to developing countries to **USD 100 bln** per year, G7s are working with partner contributors to scale up **from USD 20 bln in 2019 to USD 40 bln** in 2025.
 - The freshly doubled allocation is far less than what is actually required
- Given global inflation, increasing the global commitment to beyond USD 100 bln per year – or beyond USD 50 bln for climate adaptation would be required (Lissner Et al., 2022)

3. Current Debate on Energy-Related Issues in the G7 Summit 2023

3.6 Technology as a Means to Achieving Net Zero Targets

- The environment ministers of the G7 countries have **recognised** that low-carbon and renewable hydrogen and its derivatives
 - Ammonia should be developed and used where they are impactful but only **if it proves to be effective emission reduction** tools to advance decarbonisation across sectors
 - Some countries also consider **utilising hydrogen** to convert electricity surplus from renewable energy
- Japan wants to start **co-firing ammonia and hydrogen** in its coal-fueled power plants to reduce CO₂ emissions and is seeking the endorsement of other G7 countries for this plan.
- Japan's has also introduced the new "**Green Transformation**" (GX) policy aiming to deploy these non- clean technologies all over Asia
 - The approach has prompted concern on environmental and economic grounds
- Using ammonia to generate power with less carbon dioxide emissions is **financially burdensome**, inefficient, and **releases other greenhouse gases** instead (Bloomberg, March 18, 2023)
 - As a result, other group of seven nations have not endorsed the deployment of technologies to support fossil fuels for power generation

3. Current Debate on Energy-Related Issues in the G7 Summit 2023

3.7 Trade and market Measure related concerns

- The G7 environment ministers commit to **transforming global value chains** towards net-zero, climate-resilient, pollution-free, **more circular** and nature positive ones
 - While also ensuring their security, respect for **human rights and responsible** business conduct
- There are lots of dualities in these commitments
 - G7 countries are heavily reliant on energy suppliers that are **not aligned to human and labour** rights and practice monopoly measures
 - Whereas there are responsible, competitive, declining carbon emitting suppliers within themselves
- Some of the G7 countries' promotion of LNG fired electricity plants or **shell gas expansion** do not support these goals
 - A **valid commitment should** enable funding and investments for expansion of renewable energy for developing countries like Bangladesh
- G7 countries **want to promote green markets** by combining both **supply-side and demand-side** measures to effectively reduce emissions
 - Through adaptive market-based measures, **carbon pricing**, regulatory approaches, investment in clean and sustainable technologies, and green procurement

4. Alignment or Deviation from the Global Commitment

4. Alignment or Deviation from the Global Commitment

- Table 1 summarises the alignment and deviation of G7 global commitments on their pledges to end coal, discouraging fossil fuel, promoting renewable energy, mobilising climate finance, and co-operation with developing countries
- France is far ahead in tackling climate change, mitigation and adaptation
- The other two EU countries are also performing at a satisfactory level
 - Whereas Japan seems to do the least followed by the USA

Table 1: Alignment or deviation of global commitments with ongoing G7 discussion

	Japan	USA	UK	Canada	Germany	Italy	France
Coal phase-out	Not achieved/Negative	Not achieved/Negative	Achieved/On the way of achieving/Positive	Promised but not yet achieved/Uncertain	Promised but not yet achieved/Uncertain	Promised but not yet achieved/Uncertain	Achieved/On the way of achieving/Positive
Demotivating LNG	Not achieved/Negative	Achieved/On the way of achieving/Positive	Not achieved/Negative	Promised but not yet achieved/Uncertain	Not achieved/Negative	Not achieved/Negative	Not achieved/Negative
Climate Finance	Achieved/On the way of achieving/Positive	Promised but not yet achieved/Uncertain	Achieved/On the way of achieving/Positive				
Renewable Energy	Promised but not yet achieved/Uncertain	Achieved/On the way of achieving/Positive	Achieved/On the way of achieving/Positive	Promised but not yet achieved/Uncertain	Achieved/On the way of achieving/Positive	Achieved/On the way of achieving/Positive	Achieved/On the way of achieving/Positive
Co-operation for the developing countries	Promised but not yet achieved/Uncertain	Promised but not yet achieved/Uncertain	Achieved/On the way of achieving/Positive	Promised but not yet achieved/Uncertain	Achieved/On the way of achieving/Positive	Achieved/On the way of achieving/Positive	Achieved/On the way of achieving/Positive

Source: Authors' Illustration

■ :Achieved/On the way of achieving/Positive
 ■ :Promised but not yet achieved/Uncertain
 ■ :Not achieved/Negative

5. Expectations of Bangladesh from G7 Summit'23

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- Against the urgent expectations of LDCs, developing and vulnerable countries, G7s are responding to those expectations only at **a minimal level**
- As a graduating developing country, Bangladesh expects to receive **proper guidance, assistance, support, and funding** to prevent, mitigate, counter and adapt climate change to ensure the clean energy transition without risking domestic energy security.

5.1 Ending Support for Fossil Fuels

- The G7s are emphasising the usage of LNG as a **transitional fuel** within their own geographical territory and **overseas**
- As a result, Japan is **promoting to LNG** in Bangladesh
 - An MoU is signed between a Bangladeshi and a Japanese company to collaborate to supply LNG and other fuels and develop on-shore and off-shore regasification and storage infrastructure for Bangladesh
- Such investments **signal that G7 is not much committed** to fulfil its global fossil fuel commitments
- Hence G7 should phase out all the direct and indirect support towards financing the LNG fuel and infrastructure as **it does not align with the commitment** to phase out fossil fuel

5. Expectations of Bangladesh from G7 Summit'23

5.2 Support to Accelerate the Transition to Renewable Energy

- G7s can help Bangladesh achieve the goal of **40% of renewable by 2041** through providing financial assistance to ensure a **smooth energy transition**
- The **transition should not threaten** the risk of energy security through bilateral and multilateral support
- Bangladesh has already received **\$6.71 bln in** the renewable energy sector from national and international sources from 2016 to 2022 (Change Initiative, 2023), which is inadequate
 - Investment of **\$1.53 bln to \$1.71 bln** yearly during the timeline of 2024-2041 is required to achieve 40% renewable energy target in total generation capacity (IEEFA, 2023)
- G7 members **should work together** with other developed country Parties to help LDCs, and developing and vulnerable countries to meet their renewable energy targets
 - Direct renewable and clean energy projects financing such as constructing renewable energy (solar, wind, tidal) power plants, **help transforming diesel based irrigation systems to solar energy irrigation system**, building solar PVs on the rooftops of the community infrastructures
- Developing countries like Bangladesh should be allowed to **use renewable energy technologies to achieve critical energy** security (provisions of article 8 of the TRIPS agreement).

5. Expectations of Bangladesh from G7 Summit'23

5.3 Discourage Non- clean Technologies as a Mean to Achieve Clean Energy Targets

- The promotion of the usage of technologies such as **CCS, CCUs and ammonia and hydrogen** co-firing to prove coal cleaner and greener will create a negative spill over effect in Bangladesh
 - It may also hamper the goal of net zero emission
- The new **IEPMP** includes the detailed plan on how these technologies (31%) can be used to attain the 40% clean energy target by 2041
 - Such technologies are new, **yet to be tested** and expensive compared to power from renewable energy sources
- This type of nonclean policy initiatives are highly discouraged as they are deviating the renewable energy goal of Bangladesh and other developing nations and creating confusion
- G7 countries should not advocate these expensive nonclean technologies and **should phase out deploying** it in the LDCs, developing countries and V2Os specially in Bangladesh

5.4 Non-trade barriers

G7 countries are aiming to promote a sustainable, nature based, circular supply chain to achieve the net zero targets.

- The path towards sustainable future and circular economy **should not exclude** developing countries like Bangladesh

5. Expectations of Bangladesh from G7 Summit'23

- **Non- trade barriers should** not be used in the name of circular economy and green procurements to abandon the free trade principles and restrict access of developing countries to the G7 markets

5.5 Creating a Meaningful Carbon Market with the Participation of LDCs

- **Utilisation and design** of high integrity carbon markets with robust safeguards can play an important role in mobilising public and private sector finance in LDCs and developing countries
- However, G7s are steering clear of the issue of integrating developing countries like Bangladesh in the global carbon market
- There should be an **independent third-party monitoring body**. The monitoring body will ensure the participation of vulnerable, developing countries with a proper workplan and timeline-based target

5.6 Inclusive and Just Transition: G7 countries need to recognise that just transition is a key element for climate, energy and environmental action at the national and international levels

- It should be remembered that the **just transition implies a gradual transition** – not a disrupting rapid transition and includes easy access to technologies, capacity building and funding

6. Concluding Remarks

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- The current position of G7 and their previous commitments are **on a stand still** with some moving in **opposite directions**
- The ongoing G7 debates and discussions on fossil fuel and renewable energy financing are rather **delayed and unstable**

Recommendations

- ***G7 should end coal investment in developing countries immediately***
 - USA and Japan, should prioritise the **complete phase-out** of coal through **ending international coal finances**, especially in developing countries
 - The unmet commitment of 2022 is highly expected to be met by the end of 2023
- ***LNG investment in developing countries needs to be halted***
 - LNG itself is a carbon-based fuel, and **promoting LNG as a transitional fuel** will further disrupt the process of fossil fuel **phaseout by 2030**
- ***Ambitious renewable energy financing goal should be determined***
 - Promoting and financing the renewable energy sector of developing countries should be a **focal point** in this year's summit

6. Concluding Remarks

- The global commitment to climate financing goal should be **increased to USD 100 bln** per year
- **At least 50%** of it should be allocated for renewable energy financing as a part of **climate mitigation**
- ***Advanced renewable technologies should be promoted in the developing countries***
 - Using untested, debatable and expensive technologies like Hydrogen fuel and Ammonia as a clean energy source **should not be imposed**
 - Low cost **renewable technology transfer** should be a propriety both for energy sustainability and carbon mitigation in the south
- ***Access to Carbon Market***
 - A global **carbon market should** include the developing countries as well
- ***Non Trade Barriers***
 - Circular economic transition should consider global supply chain as the circular economy and **should not create non-trade barriers** to restrict access of developing countries to the G7 markets
- ***Just Transition to net zero future should be just and inclusive***
 - The structural changes **should be gradual and not disrupt** the developing country economies abruptly

Thank You