

COP26: Wall Street Rolls Out Climate Finance

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Global Research, November 08, 2021

[Indian Punchline](#) 5 November 2021

Region: [Asia](#), [USA](#)

Theme: [Environment](#), [Global Economy](#)

In-depth Report: [Climate Change](#)

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The US climate envoy John Kerry is getting down to the real business at the United Nations Framework Convention on Climate Change in Glasgow after President Joe Biden has had his photo-ops, made his idiosyncratic public remarks and flew back home.

The Xinhua new agency reported that Kerry and the Chinese delegation will “continue their dialogue and exchanges” at Glasgow — that is, with Xie Zhenhua, China’s special envoy for climate change, and Zhao Yingmin, head of the Chinese delegation to COP26 and vice minister of the Ministry of Ecology and Environment.

For Kerry’s negotiating brief at Glasgow in the coming days, China will be the single most important interlocutor. The Chinese President Xi Jinping in his written speech at the Glasgow summit has put forward three proposals:

“First, we need to uphold multilateral consensus... Second, we need to focus on concrete actions. Visions will come true only when we act on them.

“Parties need to honour their commitments, set realistic targets and visions, and do their best according to national conditions to deliver their climate action measures. Developed countries should not only do more themselves, but should also provide support to help developing countries do better. Third, we need to accelerate the green transition... and explore a new pathway forward that coordinates development with conservation.”

It is against such a backdrop that Biden tried to walk and chew the gum at the same time at Glasgow by publicly ridiculing his Chinese counterpart and then leaving the stage to Kerry to do the real business.

But a forceful [commentary by Xinhua](#) reminded Biden that “China and the United States are the world’s top two economies. They are not destined to be rivals as some narrow-minded China hawks in Washington predict... This is even truer when the global community has to face a torrent of pressing planetary challenges, like climate change and terrorism.”

To be sure, climate finance and climate justice will be the key templates that the world community is watching. Kerry hinted Tuesday that major announcements on climate finance are in the offing. “A hundred billion dollars doesn’t do it, folks,” Kerry said to a gaggle of press.

“It’s trillions of dollars that are needed. And the only way that we will get this done is if trillions of dollars are forthcoming... there are tens of trillions of dollars announced that are available to be invested in this transition,” he said.

But developing countries have been hearing similar pledges for 13 years now and need them to become a reality quickly. The rich countries’ reaction to the Covid pandemic shows that when they feel the need to act, they can act rapidly. But the massive amount of inequity in the vaccine distribution also mirrors the dynamic that surrounds the climate crisis.

What was on display on the part of political leaders at the Glasgow summit can only be described as dishonest recalcitrance, as an activist told the BBC. Inequities are at the heart of the climate crisis.

While raising high expectations, Kerry was actually referring to a pledge that developed countries had made in 2009 to mobilise \$100 billion by the year 2020 to help the developing countries to reduce emissions and adapt to the impact of climate change. In Paris six years ago, they actually pledged to increase this to 2025 — that is \$100 billion each year from 2020 to 2022.

The reporting on climate financing is opaque. So, some eye-rolling is warranted and it is too soon to celebrate. Especially, as it’s unclear who will provide the “tens of trillions” of dollars Kerry promised.

Yahoo News, reading the tea leaves, anticipates that it sounds like the private sector will play a major role in climate finance.

“Let me give you an example,” Kerry said when asked by Yahoo News who would be providing the funds. “My office worked with the six largest banks in America — Goldman Sachs, Morgan Stanley, Wells Fargo, State Street, Bank of America and JPMorgan — they publicly stood up a number of months ago, it wasn’t much noticed, and they announced that they will, over the next 10 years, they will invest \$4.1 trillion.”

So, that’s it. The big buck will be coming as loans and investments (as against grants.) Wall Street is moving in.

Significantly, Xi Jinping had emphasised in his written speech that China “will foster a green, low-carbon and circular economic system at a faster pace, press ahead with industrial structure adjustment... We will speed up the transition to green and low-carbon energy, vigorously develop renewable energy, and plan and build large wind and photovoltaic power stations...

‘Specific implementation plans for key areas such as energy, industry, construction and transport, and for key sectors such as coal, electricity, iron and steel, and cement will be rolled out, coupled with supporting measures in terms of science and technology, carbon sink, finance and taxation, and financial incentives. Taken together, these measures will

form a “1+N” policy framework for delivering carbon peak and carbon neutrality, with a clearly-defined timetable, roadmap and blueprint.” [read more](#)

Clearly, China’s “dual carbon” goals are expected to unleash vast market opportunities for US companies to hitchhike on what will be the biggest “green revolution” in the coming decades.

As the 4th China International Import Expo (CIIE) began in Shanghai on Thursday, Chinese media reported that “low carbon became a buzzword” at the event. Chinese organisers set up a special area called “low-carbon energy and environmental protection technology exhibition zone,” and about 50 global companies are exhibiting carbon-related products and technologies that can help Chinese companies shift to clean energy.

In a keynote address at the opening ceremony of the CIIE titled *Let the Breeze of Openness Bring Warmth to the World*, Xi Jinping stressed that “opening up is the hallmark of contemporary China.” He said, “China will firmly promote high-standard opening up... China will deeply engage in international cooperation on green and low-carbon development and the digital economy, and work actively for joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership and the Digital Economy Partnership Agreement.” [read more](#)

Xinhua reported that around 200 American companies are attending the CIIE, which is the world’s first dedicated import exhibition. The exhibition area taken by the US companies has been one of the largest.

For sure, while Kerry talks of climate finance in Glasgow, China walks the talk in Shanghai. On Thursday, China’s Sinopec announced the signing of two mega contracts with US companies to buy 4 million tons of liquefied natural gas (LNG) annually for 20 years, the [largest long-term LNG deal ever](#) signed between the two countries.

Apart from its relevance to China’s energy transition, the massive LNG deal marks advancement of phase one of China-US trade deal (committing Beijing to increase energy imports from the US by \$52.4 billion), which in turn opens the pathway to resolve other pending trade issues, especially removal of tariffs on Chinese products as reciprocal move by Washington.

Quite obviously, the deck is being cleared for a productive meeting between Xi Jinping and Biden that is expected to take place within this year, with cooperation in climate change providing its most profound breakthrough.

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