Saudi Arabia

Non-Annex I party

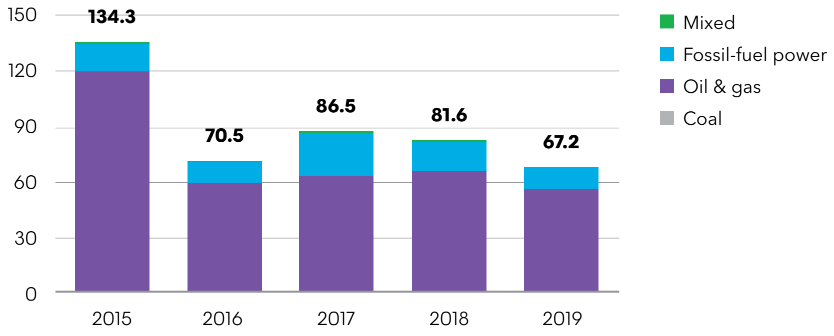
Saudi Arabia's NDC, submitted in 2016, did not include a quantitative emission goal. However, the Kingdom aims to generate half of its energy from renewables by 2030, from 0.3% today, according to the 'Saudi Green Initiative' announced in March 2021. The strategy is part of the 'Vision 2030' plan to diversify Saudi's oil-reliant economy.

- Saudi Arabia may have halved fossil-fuel support over 2015–19 but it still had by far the highest per-capita total in 2019 ($1,962). The government undertook reforms in 2016 and 2018 to increase retail fuel and electricity prices, although they remained well below international standards.
- Nearly 60% of support in 2019 was via investment by state-owned enterprises. In particular, Saudi Aramco provided an average of $33 billion a year for oil and gas production over 2017-19 and the Saudi Electric Company invested $8.2 billion annually in fossil-fueled power.
- Saudi Arabia has no carbon pricing plans in place, though it supports a global offset market under the Paris Agreement.
- The 'Vision 2030' strategy, issued in 2016, aimed to promote environmental protection and launched the Public Investment Fund, which was meant to reduce Saudi Arabia's dependence on oil revenues.
- The Kingdom has no TCFD supporters or climate-risk policies.

Fossil-fuel support

Total (2015–19)	$440 billion
Share spent on coal (2019)	0%
Share targeted at producers & utilities (2019)	57%

Fossil-fuel support ($billion)



Source: OECD, IEA, Oil Change International, ODI, IISD, BloombergNEF.

Carbon pricing

Carbon-pricing policy	X
National emissions covered by carbon price	0%
Average carbon price (2020)	n/a

Climate risk disclosure

Mandatory TCFD policy	X
Corporate, financial and government TCFD supporters	O
Investor climate-risk policy	X
Central bank climate-risk stress-testing	X
Environmental taxonomy	X

South Africa

Non-Annex I party

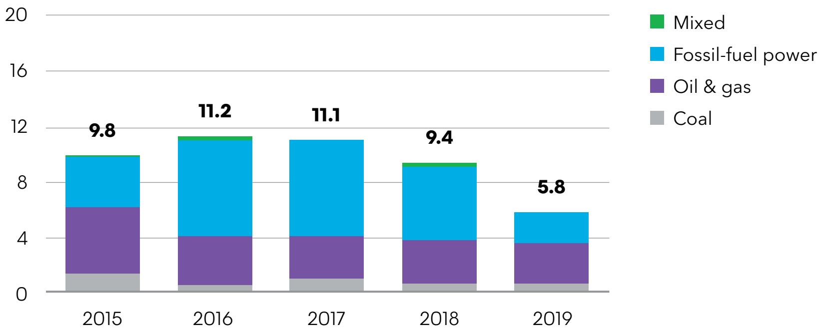
Under its current NDC, South Africa could meet its 2030 target by increasing emissions 21% over 2010 levels. However, the government is working on an updated plan, which could mean a 13% cut instead. The updated NDC is undergoing consultation and due to be submitted by COP26. So far, the government has made most progress in decarbonizing the power sector, although coal still supplies nearly 90% of generation.

- South Africa achieved the second-largest decrease in fossil-fuel support (35%) over 2015–19. This was mainly driven by reduced investment by state-owned enterprises, although this was partly offset by a near-doubling of budget transfers.
- Given that South Africa is a top-10 coal producer, it is less surprising that the fuel accounts for 12% of fossil support in 2019 – the second-largest share of the G-20. A further fifth is spent on fossil-fuelled (mostly coal-fired) power.
- However, a lack of transparency on government funding means the South Africa data in this report is an underestimate. For example, it does not include the value of government bailouts, which totalled $6.9 billion in the last two years, and loan guarantees to state-owned utility, Eskom.
- In 2019, South Africa introduced a carbon tax, which has a basic price of 127 rand ($8) per metric ton. The government offers generous concessions, which enable companies to reduce their exposure by 5–40% of their emissions, depending on the sector. This could reduce the effective carbon tax rate to as low as $0.3 per metric ton.
- A mandatory climate-risk reporting policy is under discussion: in a technical draft in May 2020, the treasury recommended regulators and the financial sector to establish policies to identify, monitor and report environmental and social risks. It also recommended the use of TCFD as a reporting standard. However, South Africa has very few TCFD supporters and only has generic sustainability disclosure policies for pension funds. The central bank is part of the NGFS initiative

Fossil-fuel support

Total (2015–19)	$47 billion
Share spent on coal (2019)	12%
Share targeted at producers & utilities (2019)	33%

Fossil-fuel support ($billion)



Source: OECD, IEA, Oil Change International, ODI, IISD, BloombergNEF.

Carbon pricing

Carbon-pricing policy	√
National emissions covered by carbon price	80%
Average carbon price (2020)	$8/metric ton

Climate risk disclosure

Mandatory TCFD policy	*Under discussion*	**X**
Corporate, financial and government TCFD supporters		**16**
Investor climate-risk policy	*Generic ESG report for pension funds*	**X**
Central bank climate-risk stress-testing		**X**
Environmental taxonomy		**X**

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South Korea

Non-Annex I party

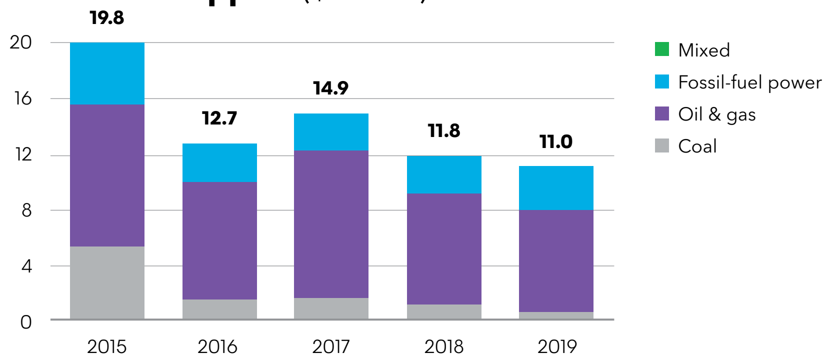
South Korea's current 2030 emission target would not be aligned with the Paris Agreement goals. Nor would it put the country on a pathway to achieving its 2050 net-zero pledge, which is midway through the legislative process. However, it will bolster its 2030 target before COP26, President Moon Jae-in announced at the climate ambition summit in April.

- South Korea has made progress in cutting consumption-based subsidies for fossil fuels, with a 64% reduction in retail energy price support over 2015–19. It has achieved less progress on the production side, reducing such support by 29% over the period. This meant the country achieved a total cut of 44% over 2015–19.
- In particular, public financial institutions continue to provide significant support to producers and utilities. In 2017, Moon pledged to end state-backed financing of domestic coal projects and in April 2021, he announced a ban for coal-fired power plants abroad.
- South Korea was the first Asian country to implement a mandatory national emission-trading program. Prices averaged 32,596 won ($29) per metric ton in 2020, but they fell in early 2021, prompting the government to introduce a temporary price floor.
- The program's impact in terms of promoting emission reduction is limited because participants still receive the bulk of their allowances for free. The share of auction has begun to increase, however.
- South Korea counts 43 TCFD supporters although it lacks climate-risk policies for investors. The country only has generic ESG disclosures for its national pension fund but it has recently joined the NGFS initiative. In January 2021, the Financial Services Commission announced measures to improve ESG corporate disclosure and responsible investing. This could be an opportunity to develop regulatory frameworks related to climate risks.

Fossil-fuel support

Total (2015–19)	$66 billion
Share spent on coal (2019)	4.2%
Share targeted at producers & utilities (2019)	87%

Fossil-fuel support ($billion)



Source: OECD, IEA, Oil Change International, ODI, IISD, BloombergNEF.

Carbon pricing

Carbon-pricing policy	√
National emissions covered by carbon price	74%
Average carbon price (2020)	$12/metric ton

Climate risk disclosure

Mandatory TCFD policy		X
Corporate, financial and government TCFD supporters		43
Investor climate-risk policy	*Generic ESG reporting for national pension fund*	X
Central bank climate-risk stress-testing		X
Environmental taxonomy		X

Turkey

Annex I party

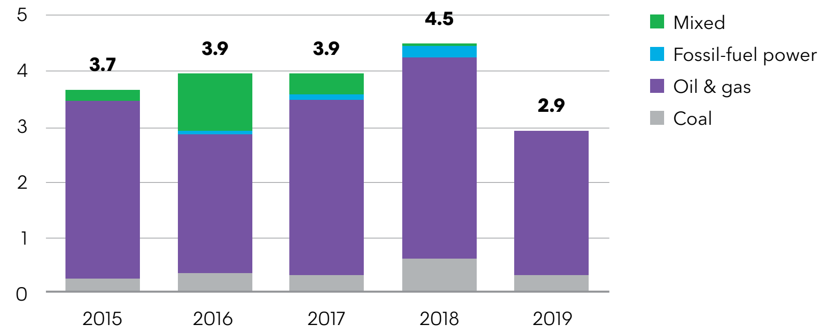
Turkey is the only G-20 member that has yet to ratify the Paris Agreement and has therefore yet to submit an NDC. It has undertaken wide-reaching electricity-market reforms in recent years and sought to exploit domestic fossil-fuel resources (mostly coal) in pursuit of greater energy independence through improved security of supply. It has implemented incentives to promote clean power, although these have their weaknesses. Other sectors lack support.

- To exploit domestic resources, Turkey plans to build new coal plants and retrofit existing facilities to use locally-sourced lignite. It aims to reach 30GW of coal-fired power capacity by 2023, up from 20GW in 2019. For the capital cost of adding that extra 10GW of coal, Turkey could build 25GW of solar-power plants, based on BNEF analysis.
- The government has sought to reduce reliance on energy imports and promote energy security. The country cut fossil-fuel support 22% over 2015–19, largely through reduced funding for oil, gas, power producers and utilities.
- In contrast, it boosted support for fossil-fuel consumers largely via tax breaks. The coal sector benefited most, but oil and gas retains the lion's share of support (89% in 2019).
- While Turkey has a CO_2 emissions monitoring, reporting and verification system in place, it lacks a carbon price. The government is exploring how a potential EU carbon tax would impact Turkish companies.
- Turkey has almost no TCFD supporters and no climate-risk policies to date.

Fossil-fuel support

Total (2015–19)	$19 billion
Share spent on coal (2019)	11%
Share targeted at producers & utilities (2019)	11%

Fossil-fuel support ($billion)



Source: OECD, IEA, Oil Change International, ODI, IISD, BloombergNEF.

Carbon pricing

Carbon-pricing policy	Under discussion **X**
National emissions covered by carbon price	0%
Average carbon price (2020)	n/a

Climate risk disclosure

Mandatory TCFD policy	**X**
Corporate, financial and government TCFD supporters	**8**
Investor climate-risk policy	**X**
Central bank climate-risk stress-testing	**X**
Environmental taxonomy	**X**

U.K.

Annex I party

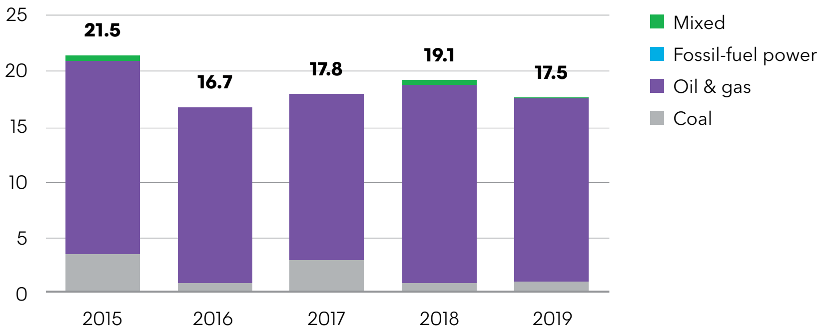
The U.K. has one of the most ambitious 2030 emission targets of the G-20 countries and has a legally binding net-zero goal for 2050. The government has begun implementing concrete policies to realize these commitments, especially to promote clean power and low-carbon fuels. It has room for improvement, however, with regard to decarbonizing buildings, which account for a sizeable share of emissions and energy use.

- The U.K. has been a leader in promoting the phase-out of fossil-fuel power generation and its last coal-fired power plant is due to close in 2024. Prime Minister Boris Johnson announced at end-2020 that the U.K. would ban direct government support for new crude oil, natural gas, thermal coal or fossil-fuel fired power projects "with very limited exceptions". However, the government has attracted controversy for considering whether to approve the U.K.'s first new deep coal mine for decades, having said in March that it would not intervene in the project in Cumbria as it was a "local issue".
- Overall, the U.K. reduced direct fossil-fuel support 18% over 2015–19, with a three-quarters decrease for coal. However, it still provided an average of $18.5 billion a year over the period – or a relatively high $262 per person in 2019 compared with other G-20 nations. The remaining support mostly comprises tax breaks, of which a third is still targeted at oil and gas producers and utilities.
- Having left the EU ETS following Brexit, the U.K. now has a national emission-trading system that closely mirrors its European counterpart. The first auction, held on May 19, cleared at 43.99 pounds ($58) – comfortably above the floor price of 22 pounds ($29).
- The U.K. has one of the most advanced climate-risk and sustainable finance strategies among the G-20 countries. In November 2020 it announced that all publicly-listed U.K. companies will have to comply with TCFD requirements by 2023, and that TCFD-aligned disclosure will be mandatory across financial and non-financial sectors by 2025.
- The Bank of England is also due to undertake its first climate risk stress-test in June 2021; the results are not expected until 2022.

Fossil-fuel support

Total (2015–19)	$93 billion
Share spent on coal (2019)	5.3%
Share targeted at producers & utilities (2019)	37%

Fossil-fuel support ($billion)



Source: OECD, IEA, Oil Change International, ODI, IISD, BloombergNEF.

Carbon pricing

Carbon-pricing policy	√
National emissions covered by carbon price	31%
Average carbon price (2020)	$58/metric ton

Climate risk disclosure

Mandatory TCFD policy	*Planned for 2023*	X
Corporate, financial and government TCFD supporters		**339**
Investor climate-risk policy		√
Central bank climate-risk stress-testing	*Planned for 2021*	X
Environmental taxonomy	*Under discussion*	X

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