

Business

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COP26 climate deal harder than Paris: Summit president

EU says it needs nuclear and gas for climate fight

LONDON: Success at the upcoming COP26 climate summit is "definitely harder" than the 2015 Paris talks which resulted in a landmark accord, the British minister presiding over the gathering warned yesterday. The October 31-November 12 gathering in Glasgow is the biggest climate conference since the Paris summit and is seen as crucial in setting worldwide emission targets to slow global warming.

Alok Sharma, the British minister in charge of the talks, told the Guardian newspaper that getting nearly 200 countries to commit to the emission targets to limit global temperature rises to less than 1.5 degrees above pre-industrial levels was a daunting task. "What we're trying to do here in Glasgow is actually really tough," he said.

"It was brilliant what they did in Paris" but "a lot of the detailed rules were left for the future," he added. "It's like, we've got to the end of the exam paper and the most difficult questions are left and you're running out of time. "This is definitely harder than Paris on lots of levels."

The task will be made all the more difficult as Chinese President Xi Jinping and Russian leader Vladimir Putin are not attending but sending delegations. More than 120 world leaders and around 25,000 delegates are expected in Glasgow. The Paris accord saw 197 nations agree to limit global heating to

below 2 degrees but their "nationally determined contributions" (NDCs) — national plans drawn up to implement the deal—have been deemed inadequate. Strengthening those plans will be a key part of negotiations.

"What we're potentially saying to countries is that if your NDC isn't good enough, you're going to have to come back to the table," said Sharma. He called on the world's biggest emitter China, whose fractious relationship with the West is another obstacle to agreement, to present its NDC.

"They signed up to the communique in July that we negotiated in Naples, that all the G20 would come up with enhanced NDCs before COP-1 reminded them they needed to deliver on that," he said. UN chief Antonio Guterres said Thursday that the current climate situation was "a one-way ticket for disaster" as he stressed the need to "avoid a failure" at COP26.

The EU needs nuclear power and gas as stable sources of energy while it manages the transition to a low-carbon economy, European Commission President Ursula von der Leyen said on Friday.

While the European Union must drastically reduce its CO2 emissions to combat climate change, "it is obvious that we need more renewable and clean energy," she said at the end of a summit of the bloc's 27 members. Renewables such as



Alok Sharma

wind and solar have tumbled in cost and do not depend on imports, she told a press conference, adding that they will offer "a lot of independence" to the EU.

However, alongside renewables "we need a stable source, nuclear; and during the transition, of course, natural gas", the head of the European Union's executive body said.

Nuclear power plants have the advantage of emitting almost no CO2 into the atmosphere, while gas—the least polluting major hydrocarbon fuel—provides a stop-gap fuel source while alternatives are developed. The European Commission must propose before the end of the year its so-called green taxonomy—a list of energies considered beneficial for the climate.

This will open up access to green finance that will give these technologies a crucial competitive advantage. "Never



before has such clear and broad support been expressed for the need to use nuclear energy to achieve our climate goals," French President Emmanuel Macron said on Friday. France, which gets about 70 percent of its power from nuclear and is a major exporter of electricity, is preparing to restart construction of atomic power plants.

"A very large majority of member states" wanted to include both gas and nuclear in the taxonomy, a European diplomat told AFP on Thursday evening. Two other officials confirmed the level of support.

In the context of the current gas price crisis 10 EU states, led by France, published a statement in mid-October supporting nuclear power. But other countries, including Germany, Austria and Luxembourg, are fiercely opposed, pointing to the problem of very long-term storage of radioactive waste.

At the beginning of October, Commission Vice-President Valdis Dombrovskis, defended nuclear power at a meeting of EU finance ministers, calling for recognition of its role "as a low-carbon energy source in our effort" to reduce emissions. —AFP

Britain set for £7bn transport investment

LONDON: Britain's upcoming budget will invest almost £7.0 billion (\$9.6 billion, 8.3 billion euros) on transport outside London, the Treasury said yesterday, as part of plans to cut economic inequality. Finance minister Rishi Sunak will unveil the transport initiative during his autumn budget and spending review due on Wednesday.

Prime Minister Boris Johnson's so-called "levelling up" program is seen as vital to keeping voters in former strongholds of the main opposition Labor party who backed him in the 2019 general election. His Conservative party won a swathe of seats in northern England on a promise to deliver Britain's Brexit divorce from the European Union, as well as boost jobs and growth.

Recipients of the transport project cash include regions in the former Labour "red wall" that turned Tory blue two years ago and will be seen as pay-back for their support. According to the finance ministry, the government will invest £5.7 billion in city regions to boost productivity via train and station upgrades, and tram network expansion.

It will also inject £1.2 billion into overhauling bus services. The government wants to quicken journey times, simplify fares and increase services outside



LONDON: In this file photo taken on October 16, 2021, a bus is driven on Westminster Bridge past the Houses of Parliament in central London. —AFP

London, after repeated complaints that regions outside the British capital were ill-served by transport links, affecting business. "Great cities need great transport and that is why we're investing billions to improve connections in our city regions as we level up opportunities across the country," said Sunak in the statement. "This transport revolution will help redress that imbalance as we modernize our local transport networks so they are fit for our great cities and those people who live and work in them."

Transport policy is set separately in Scotland,

Wales and Northern Ireland by the nations' devolved administrations in Edinburgh, Cardiff and Belfast. The government said the extra investment for England would mean additional cash for the three other UK nations under weighted public expenditure adjustments.

Chancellor of the Exchequer Sunak will also announce the latest growth forecasts for the economy, which is battling high inflation due largely to surging energy prices and a supply chain crisis that was sparked by Brexit and COVID. —AFP

US budget gap falls in 2021 to \$2.8tn as economy recovers

WASHINGTON: The US budget deficit narrowed slightly in the past year as the economy recovered from the COVID-19 pandemic, falling \$360 billion to \$2.8 trillion, the government reported Friday. The result for the fiscal year ended September 30 was far better than expected a few months ago, but just shy of the record set in 2020 during the worst of the health crisis that shuttered businesses nationwide and caused millions of layoffs.

The improvement reflected a more than \$600 billion increase in tax revenues as the economy was able to restart following the pandemic shutdowns, according to data from the Treasury Department and White House budget office. "Today's joint budget statement is further evidence that America's economy is in the midst of a recovery," Treasury Secretary Janet Yellen said, crediting the huge American Rescue Plan stimulus package approved early this year. Government outlays increased \$266 billion to \$6.8 trillion in the fiscal year just ended, partly due to ongoing spending from the massive aid bills passed in 2020, when the pandemic was at its worst. But Yellen cautioned that "while the nation's economic recovery is stronger than those of other wealthy nations, it is still fragile."

President Joe Biden's Democratic party is currently working to pass two huge legislative packages but are divided on their size and scope as well as how they will be paid for. Yellen said passing the social and infrastructure spending proposals "will grow the



WASHINGTON: In this file photo taken on September 28, 2021, US Treasury Secretary Janet Yellen speaks during a Senate Banking, Housing and Urban Affairs Committee hearing in Washington, DC. — AFP

economy, help workers and families and strengthen our nation's long-term fiscal outlook."

Meanwhile, the clock is ticking on the deadline for lawmakers to increase or suspend the federal debt limit and avert a historic default before a temporary pause expires December 3. That day also marks the end of a temporary budget authorization that allows the government to operate while debate continues. Yellen has said failing to act before Treasury runs out of funds to pay its expenses, including military and retiree payments, would be "catastrophic." Total federal borrowing in the fiscal year increased by \$1.3 trillion to \$22.3 trillion, nearly matching the size of the world's largest economy which had a GDP of \$22.7 trillion at the end of June. In the breakdown of the budget totals, the report said individuals paid \$2 trillion in taxes, while corporations paid \$371.8 billion. The Health and Human Services Department spent \$1.5 trillion, and the Defense Department spent \$718 billion, while foreign aid totaled \$20 billion. —AFP

The climate project that changed how we understand extreme weather

PARIS: When a handful of scientists tried to publish rapid research into the role of climate change in record rainfall that lashed Britain in 2015, they were told their high-speed approach was "not science".

As extreme heat scorched North America, the same scientists from the World Weather Attribution (WWA) group concluded that the record-shattering temperatures would have been "virtually impossible" without human-caused climate change. This time people paid attention.

The finding made headlines worldwide and news stories replaced vague references to the impact of global heating on extreme weather with precise details. And that was exactly the idea of WWA, a network of scientists who wanted to shift understanding of how climate change impacts the real world. "We wanted to change the conversation, but we never expected that it would be so successful," said climatologist Friederike Otto, who conceived WWA with Dutch scientist Geert Jan van Oldenborgh in 2014.

In September, Otto and van Oldenborgh, who worked for the Royal Dutch Meteorological Institute (KNMI), were among Time magazine's 100 most influential people of 2021. Their work "means that people reading about our accelerating string of disasters increasingly get the most important information of all: it's coming from us", Time said. —AFP

Evergrande pays overdue interest on offshore bond

BEIJING: China's troubled property giant Evergrande has made a key offshore interest payment a day ahead of a weekend deadline, state media said Friday, averting a default and buying the embattled company a reprieve as it struggles under a mountain of debt. The crisis at one of the nation's biggest property developers has hammered investor sentiment, rattled the key real estate market and fuelled fears of a spillover into the wider economy.

Evergrande is reported to have missed at least \$150 million in offshore bond payments and while it had a 30-day grace period on some of them, there had been a general expectation it would not be able to meet its obligations. However, on Friday the state-backed Securities Times said the developer had wired \$83.5 million for an overseas payment first due on September 23, citing "relevant channels". It said bondholders would receive the payout before Saturday—the end of the grace period.

The news comes just a day after the company said the planned sale of its property services arm for \$2.58 billion had fallen through and warned it could not guarantee it would meet its debt obligations, putting it on course for a default and possible restructuring. Fears about an Evergrande failure have rattled markets, and shares in the firm have collapsed more than 80 percent since the start of the year. It rose more than four percent Friday in Hong Kong.

But observers warned the firm was still teetering, with several other dollar bond payments still to navigate before the end of the year. "They may be able to pay this interest, and maybe they can pay another interest—basically they have an interest payment every two weeks or so—but at some point...there's going to be an amount of principal maturing, and that one's multibillion," Chen Long, partner at research firm Plenum, told AFP.

"If you look at the fundamentals of the company, that hasn't changed." Beijing began last year clamping down on the country's colossal property sector—estimates say it accounts for a quarter of the economy—in a bid to rein in excessive debt, with measures to restrict borrowing cutting off companies' ability to complete projects. While Evergrande is the standout, the moves have hit several other developers, with several including Sinic and Fantasia among those failing to make debt payments. Still, Chinese leaders insist any fallout can be contained, but the crisis has prompted rare public anger and protests from anxious homebuyers, suppliers and investors. But Chuanyi Zhou, credit analyst at Lucror Analytics in Singapore, said the latest news would give a short-term boost to the market but Beijing was not expected to step in to prop the firm up. "Based on recent soundings from regulators it seems the government, while keen for Evergrande to meet its obligations, is unlikely to provide any support," she said. —AFP