

Climate Change and Coronavirus Recovery Plans



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The coronavirus pandemic has brought down carbon dioxide emissions globally through lockdowns, travel restrictions, and reduced economic activity. According to one study published in *Nature Climate Change*, daily global emissions declined by 17% compared to 2019 and this year's carbon emissions could decrease by as much as 7%¹.

The world is still on a path toward dangerously high increases in temperature. Climate Action Tracker, a research initiative, predicts that a global economic recovery based largely on increased fossil fuel dependence would actually lead to emissions higher than they had predicted before the pandemic².

Fortunately, certain cities, countries, and supranational unions are taking steps in the right direction. For example, at the city level, many cities have been making more space for cyclists, encouraging people to get to their destination carbon-free. These cities include Paris, Athens, Bogotá, Philadelphia, Denver, Berlin, and Milan³. Milan has added and expanded pavements, reduced speed limits, and designated certain streets as priority streets for pedestrians and cyclists⁴.

Some national and supranational governments have also been making climate change central to their recovery plans. South Korea, for example, plans to implement a "Green New Deal" as part of its recovery. The deal would involve investing more in renewable energy (and retraining workers affected by the transition to an economy based more on renewable energy), implementing a carbon tax, and ending public financing for domestic and international fossil fuel projects⁵.

The European Union plans to dedicate 30% of its €750 billion pandemic recovery fund and its almost €1.1 trillion seven-year budget to climate action⁶. The EU also aims to implement a "Renovation Wave", in which they

would modernize buildings and infrastructure, thereby making them more climate-friendly, and create a million charging points for electric vehicles⁷. Additionally, they intend to create one million new green jobs⁸. The African Union aims to make expanding renewable energy a major part of its recovery plan⁹. Researchers working on a paper for the *Oxford Review of Economic Policy* surveyed 231 finance ministry and central bank officials and other economic experts to get their opinions on types of recovery activities. Five were generally considered the most desirable with respect to climate-friendliness, efficiency, and economic impact. They included clean physical infrastructure, retrofitting buildings to make them more efficient, and clean R&D¹⁰.

Many governments that are moving toward a more climate-friendly recovery have been putting green conditions on the support that they give to help organizations and companies recover. As part of its new loan program, The Large Employer Emergency Financing Facility, the Canadian Federal Government has required that the companies that receive those loans publish annual reports describing the climate change-related financial risks and opportunities they anticipate¹¹. Both Austria and France have placed sustainability requirements on their recovery funding for Austrian Airlines and Air France-KLM, respectively¹². The French Government has required Air France to end short routes that compete with train routes (since train travel's carbon footprint is much smaller) and to reduce emissions per passenger by 50% relative to 2005 by 2050¹³. One approach that would help with monitoring progress would be to set 5-year and 10-year interval targets, as O'Callaghan and Hepburn (2020) suggest^{14,15}.

The efforts of different governments (from the municipal to the national and, sometimes, to the supranational level) to address climate change through

their responses to the pandemic offer lessons that are valuable to other governments, including Chile.

The government could also include sustainability and other environmentally-friendly conditions in the support it provides to other businesses hurt by the pandemic. These conditions could include requirements to reduce emissions, to regularly report on climate change-related risks and opportunities (as the Canadian government has required), to adopt adaptation measures, to divest from fossil fuels, and to ensure their projects have fewer negative socio-environmental effects. Of course, the decisions governments can make to directly support renewable energy and sustainability initiatives (e.g. the renovation of buildings and infrastructure, the creation of charging stations for electric vehicles) and to reduce dependency on fossil fuels could lead to substantial reductions in carbon emissions.

Climate change will make communities worldwide more vulnerable to catastrophes. When cities and countries start to reopen and rebuild their economies following this catastrophic pandemic, their governments have a unique opportunity to change the world's climate trajectory. It is crucial to act now to minimize future catastrophes.

NOTES

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4. Laker, Laura. 2020. "Milan Announces Ambitious Scheme to Reduce Car Use after Lockdown." The Guardian, April 21, 2020. <https://bit.ly/2EzITDj>
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6. The Economist. 2020. "The EU's Leaders Have Agreed on a €750bn Covid-19 Recovery Package," July 21, 2020. <https://econ.st/3htb9Wx>
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8. Ibid.
9. "Climate Action Tracker UPDATE April 2020: A Government Roadmap for Addressing the Climate and Post COVID-19 Economic Crises." n.d. The Climate Action Tracker (CAT) (supported by Climate Analytics and NewClimate Institute). <https://bit.ly/34vaUXu>
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11. Forrest, Maura. 2020. "Ottawa Seizes Covid-19 Opportunity to Require Climate Risk Reporting." Politico, May 29, 2020. <https://politi.co/2Ep8A9O>
12. Irfan, Umair. 2020. "How South Korea, France, and Italy are Using the Covid-19 Response to Fight Climate Change." Vox, June 8, 2020. <https://bit.ly/34svvYS>
13. Ibid.
14. Hepburn, Cameron, Brian O'Callaghan, Nicholas Stern, Joseph Stiglitz, and Dimitri Zenghelis. 2020. "Will COVID-19 Fiscal Recovery Packages Accelerate or Retard Progress on Climate Change?" Oxford Review of Economic Policy, Working Paper No. 20-02, 36 (S1): 1-48.
15. O'Callaghan, Brian, and Cameron Hepburn. 2020. "Why Airline Bailouts Are so Unpopular with Economists." The Conversation, May 6, 2020. <https://bit.ly/32qz8PP>