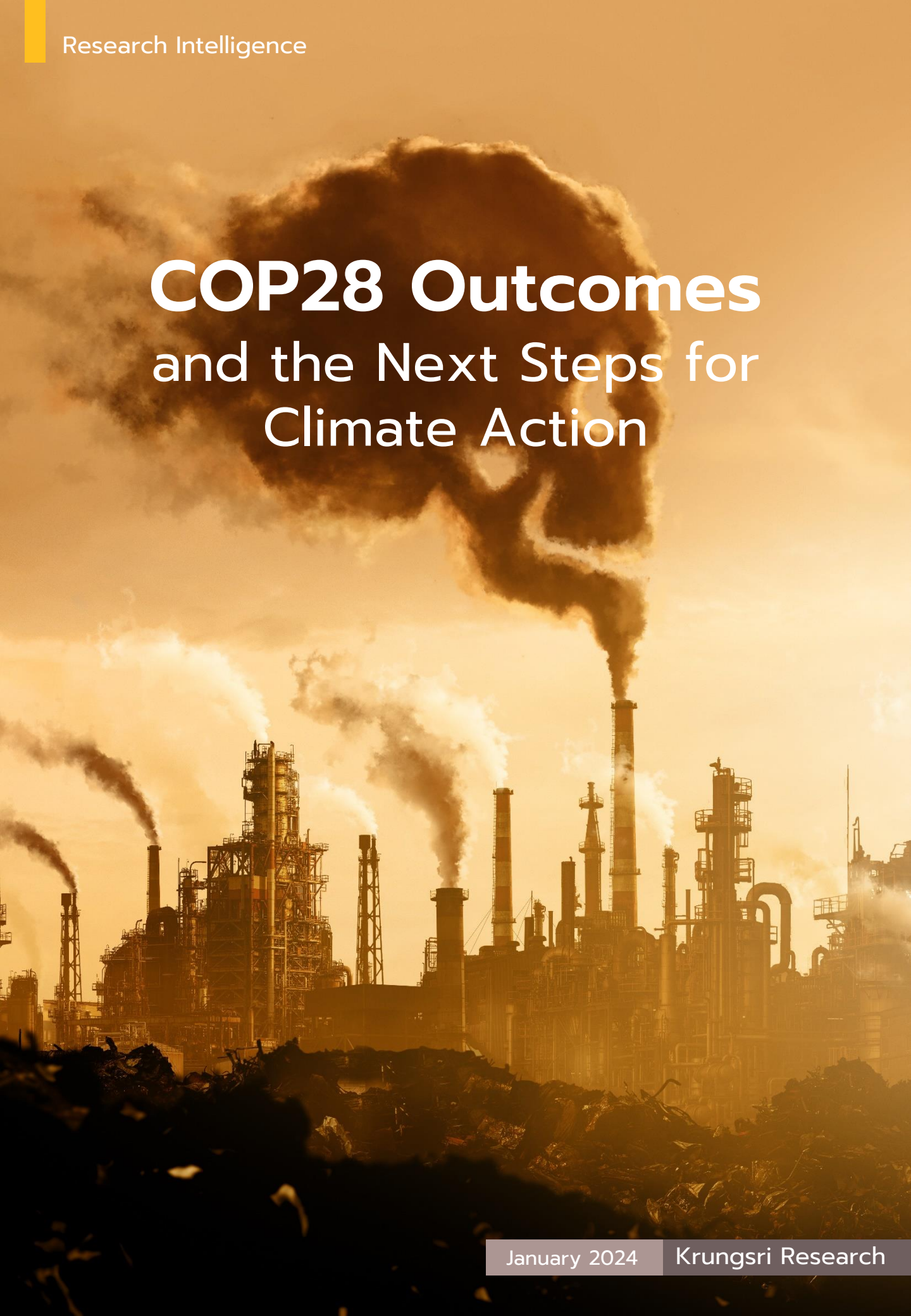
Research Intelligence

COP28 Outcomes
and the Next Steps for Climate Action



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Executive Summary

The most recent meeting of the United Nations Climate Change Conference, COP28, concluded at the end of 2023 with a historic agreement to transition away from fossil fuels and towards clean energy, with the goal of tripling renewables capacity by 2030. The meeting also established a framework for climate change adaptation and agreed to the 2024 establishment of the loss and damage fund to be used to assist vulnerable nations affected by climate change. However, the progress made at COP28 are putting pressure on Thailand to cut its reliance on fossil fuels, review its emissions reductions targets to bring these into line with global levels, and to step up its adaptation measures, but responding to this will inevitably pose a challenge to businesses, especially for carbon-intensive industries such as the energy sector.

Prapan Leenoi

Analyst
prapan.leenoi@krungsri.com
+662 296 6235



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For research subscription, contact
krungsri.research@krungsri.com

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The road to COP28

Climate change has attracted intense international attention for many years, and it is now almost three decades since the global community first joined together to tackle this problem. This began with the signing of the **United Nations Framework Convention on Climate Change (UNFCCC)** in 1992. This came into effect two years later, and a year after that, in 1995, the first **Conference of the Parties (COP)** met in Germany to begin discussions on climate change. COPs have since been held annually, with the most important of these listed in Table 1.

Table 1:

Major Outcomes from COP Meetings

COP	Key milestones
COP1 (1995) Berlin, Germany	The signatory countries agreed to meet annually to keep global warming under control.
COP3 (1997) Kyoto, Japan	**Kyoto Protocol** was adopted, binding industrial countries to reduce GHG emissions by national measures and international market-based mechanisms. (Effective in 2005 with the first commitment of 5% reduction over 2008-2012 against 1990 levels)
COP18 (2012) Doha, Qatar	Extension of the Kyoto Protocol (Second commitment: 18% reduction over 2013-2020 against 1990 levels)
COP21 (2015) Paris, France	**Paris Agreement** was adopted to keep global temperature increase below 2 °C compared to pre-industrial levels and to continue efforts to limit it to 1.5°C rise. (Effective in 2016)
COP24 (2018) Katowice, Poland	The process for the Global Stocktake was set to assess collective progress on Paris Agreement for every 5 years.
COP26 (2021) Glasgow, Scotland	**Glasgow Climate Pact** with commitments to end inefficient fossil fuel subsidies and to phase out coal.
COP27 (2022) Sharm el-Sheikh, Egypt	Agreement on a fund for the most affected countries
COP28 (2023) Dubai, UAE	In **the first Global Stocktake**, parties agreed to transition away from fossil fuels.

Source: ClimatePartner, Carbonaires, Krungsri Research

After two decades since the first COP, the most important progress has been made at COP21 in France. This resulted in the **Paris Agreement**, under which the world's nations have agreed to the goal of holding increases in global warming to well below 2°C relative to pre-industrial levels, and to pursue efforts to limit temperature increases to not more than 1.5°C.

Under the Paris Agreement, signatories established a mechanism that allows individual countries to determine their own approach to managing problems related to climate change. This involves countries setting what are called **'nationally determined contributions' (NDCs)**, or non-binding pledges made to the UNFCCC that are reviewed every 5 years. Unfortunately, these have fallen short of what is required, and a report by the United Nations Environment Programme (UNEP) published at the end of 2023 shows that even if these pledges are fully implemented, the world will still face warming of 2.5-2.9°C by 2100, significantly in excess of the goals agreed to in the Paris Agreement.

Given this background and the growing gap between goals and pledges, **COP28**, held in the United Arab Emirates between 30 November and 12 December, 2023, was pegged as another major milestone in the history of humanity's attempts to tackle climate change. This importance was underlined by the fact that nations have collectively agreed to undertake a five-yearly '**global stocktake**' and the first of these was scheduled for COP28. This is **an assessment of where the world stands with regard to climate change, what gaps continue to exist in state responses to this, and what actions need to be undertaken to close these gaps and to ensure that the goals of the Paris Agreement remain within reach**. The outcomes of this stocktake should then be reflected in changes to planning and in the scale and ambition of individual NDCs, which are due to be resubmitted by 2025.





COP28 conclusions from the as yet unconcluded

Representatives from 198 countries flew to the United Arab Emirates to attend the conference, and after extensive debates, these were able to agree on the wording of the UAE Consensus. The key points of contention that divided delegates, and the principal outcomes that they agreed on are described below.

Cuts to greenhouse gas emissions

A wealth of research confirms that current progress towards decarbonization is insufficient to meet the goals agreed to in Paris in 2015, and so at COP28, the need to meet the target of keeping warming to no more than 1.5°C above pre-industrial levels was hammered home. Indeed, because progress to date has been insufficient, future emissions cuts will now need to be much more aggressive, and relative to 2019, the Paris goals will require global cuts in emissions of greenhouse gases of 43% by 2030 and 60% by 2035, with the target of hitting net zero emissions by 2050.

The most hotly contested point of discussion related to **emissions reductions in the energy sector**, since although the latter constitutes the largest single source of greenhouse gases, energy is also a source of enormous wealth for some countries, and the divergence of opinions that result from this unfortunate fact generated heated discussions. The so-called **'high ambition coalition' (HAC)[1/] together with New Zealand** thus called for the phase out of all fossil fuels, but this was countered by delegates from **the EU, the UK, and the US**, who adopted a softer position and instead pushed for the phase out of 'unabated' fossil fuels, that is, fossil fuels that are combusted and whose waste gases are vented directly into the atmosphere. At the other end of the spectrum, **Russia and the African Group** of nations opposed the ending of fossil fuel use, while the **G77+China[2/]** group, which includes major energy producers such as Saudi Arabia and the UAE as well as Thailand, also failed to support the call for the phase out of fossil fuels (Table 2). **Delegates finally agreed on a historic compromise, with COP28 passing a resolution to 'transition away from fossil fuels'**, thereby finding a middle ground between the different factions. The meeting's final text also called for an ending of inefficient subsidies for the fossil fuel industries and the phasedown of unabated coal-fired power generation. Ultimately, although use of fossil fuels will not cease immediately in the post-COP28 environment, the meeting nevertheless marks the beginning of the process by which dependency on carbon-intensive sources of energy will slowly but steadily be wound down.

The subject of renewable energy provoked less disagreement, and the meeting ended with **a call to treble renewables capacity by 2030**. Given that globally, renewables contributed 12.3% of all energy generating capacity in 2022, this would mean that their share would have to jump to 37% by the start of the next decade. However, although achieving this target would require an unprecedented cut in the production of energy from existing sources, it would also imply that more than 60% of energy could still come from carbon-intensive sources, and so completing the transition away from fossil fuels will surely be achieved only over an extended timescale. In addition, the meeting called for a doubling of energy efficiency, also by 2030, and an acceleration in the development of low-carbon and carbon capture, utilization, and storage (CCUS) technologies.

1/ The High Ambition Coalition (HAC), established by the Republic of the Marshall Islands in 2014, aims to push for the most ambitious climate change goals possible within the Paris Agreement. HAC members include various countries such as Ireland, France, Guatemala, the Netherlands, and Vanuatu.

2/ G77+China consists of 134 countries such as Brazil, Cuba, Kenya, India, China, Saudi Arabia, the UAE, and Thailand

Table 2:

Policy Positions of COP28 Delegates

Issue		Position							Outcome
		High Ambition Coalition	LDCs	EU	US	Russia	African Group	G77 + China	
Fossil fuels	Phase out all fossil fuels	Priority		Does not support	Does not support	Oppose	Oppose	Does not support	Transition away from fossil fuels
	Phase out unabated fossil fuels			Priority	Support	Oppose	Oppose	Does not support	
	Phase out inefficient fossil fuel subsidies	High priority		Priority					Phase out inefficient fossil fuel subsidies
	End support for new unabated coal power	Priority		Priority	Priority		Oppose		Phase-down of unabated coal power
Renewable energy	Triple renewable energy capacity	Priority	Support	Priority					Triple renewable energy capacity by 2030
Energy efficiency	Double rate of energy-efficiency improvements	Priority	Support	Priority					Double rate of energy-efficiency by 2030
Loss and damage fund	All developing countries can access			Oppose	Oppose			Priority	Open to developing nations with minimum allocation to LDCs and Small Islands
	Only/mainly developed countries contribute		Support	Oppose	Oppose			Priority	Parties are invited to contribute to the fund (no requirement)

Source: Carbon Brief, Krungsri Research
Note: (1) The High Ambition Coalition (HAC) was founded by the Marshall Islands. HAC members include countries such as Ireland, France, Guatemala, the Netherlands, and Vanuatu.
(2) G77+China consists of 134 countries such as Brazil, Cuba, Kenya, India, China, Saudi Arabia, the UAE, and Thailand.

Loss and damages

Another area where COP28 was successful was in securing agreement over the establishment of a **loss and damage fund** that will provide assistance to vulnerable countries, that is, those most exposed to the ravages of climate change but least able to respond effectively to this. On COP28's first day, delegates voted to have the fund up and running in 2024, and for its first four years of operation, it will be managed by the World Bank. Following this, the fund will operate independently under the auspices of the UNFCCC, offering both grants and concessional/soft loans to qualifying countries.

Given their likely high degree of exposure to climate change impacts, the G77+China group, which includes Thailand, has a significant interest in determining how the fund will operate, and initially, the group wished to allow all developing nations to have access to it, with contributions coming principally from the world's richer countries. However, this was opposed by the EU and the US, and a compromise was reached by which vulnerable developing nations will have access to the fund, but this will be balanced by a floor on the minimum payments that will have to be provided to least developed countries (LDCs) and small island nations. **Unfortunately, funding arrangements were not formally decided**, **and the meeting ended with countries being asked to make voluntary contributions**. Following the conclusion of the conference, USD 792 million was therefore pledged to the fund, making this the most successful fund-raising event at COP28, with Germany and the host UAE providing USD 100 million each.

Climate change adaptation

In addition to tackling issues relating to mitigation strategies, the COP meetings are also important drivers of progress on climate change adaptation, for example through the development of early warning systems, and improvements to water management facilities and other infrastructure. COP28 continued with this through the adoption of **the UAE Framework for Global Climate Resilience**, which provides guidelines on adaptation in the areas of food and agriculture, health, habitation, biodiversity, and culture. Related to this, the meeting passed a resolution urging countries to assess their exposure to climate change risks and impacts, to complete the drafting of national adaptation plans by 2025, to fully implement these, and to complete development of monitoring and assessment procedures by 2030.

Clearly, funding is one crucial ingredient without which preparing for and adapting to climate change will inevitably fail. COP28 recognized the importance of this by calling on developed nations to at least double their contributions to their funding of adaptation measures, although detailing specific obligations has so far proved to be impossible. Nevertheless, since the conclusion of the conference, delegates have made commitments to the **adaptation fund** worth a total of more than USD 188 million.

Other important outcomes from COP28 included recognition of the significance of a number of factors including climate finance, with a new goal set of raising USD 100 billion annually from developed economies through to 2025, the need for a just and equitable energy transition, the importance of cuts to non-CO_2 greenhouse gases, especially methane, and the centrality of farming and food security to efforts to deal with climate change. Following the conclusion of the Dubai conference, delegates from 159 countries endorsed the Declaration on Agriculture, Food and Climate, which aims to accelerate the development of sustainable practices and technologies in the food and agriculture system, and to integrate this into adaptation and mitigation planning, as well as into individual NDCs prior to COP30.





Krungsri Research View: Post-COP28 outlook and its implications for Thailand

The final text agreed at COP28 calls for the transition away from the use of fossil fuels, and although this is not as strong as the 'phase out' wording that some countries hoped for, this is still the first time that the world has united in recognizing the need to draw the curtain on the fossil fuel era. Countries also agreed to triple the share of renewables in the energy mix by 2030, and taken together, these outcomes should help to accelerate the pace of emission cuts and to keep the Paris goals in sight. It could perhaps therefore be said that **COP28 marks the beginning of the end for fossil fuels** as these will increasingly be replaced by low-carbon sources of energy. The outcomes of COP28 will also generally lead to a tightening of NDCs, which are due to be re-submitted to the UNFCCC ahead of COP30. In the particular case of Thailand, Krungsri Research sees the most recent COP having three main impacts on the country's response to the threat of climate change.

- **An uptick in the pace of the move away from fossil fuels**: Although Thailand was not among the countries at COP28 supporting the call for the phasing out of fossil fuels, global trends are clearly pointing in this direction. With **over 80% of supply coming from fossil fuel-powered electricity generation**, Thailand is strongly reliant on carbon-intensive energy sources, but at the same time, at 19% in 2020, the contribution of renewables to the Thai energy mix is above the world average of 12%. Nevertheless, meeting the goal of tripling this by 2030 will pose a considerable challenge, and transitioning away from fossil fuels will have unavoidable consequences not just for energy businesses but for manufacturing industries elsewhere in the economy, and for Thai consumers more generally.

- **A review of emissions reductions targets**: In 2021, the last time that Thailand submitted its NDCs, the country pledged that by 2030, it would achieve a 30% cut in greenhouse gas emissions relative to the business-as-usual baseline, with this rising to 40% in the event that assistance was forthcoming from foreign countries. Reaching the more ambitious second goal of a 40% cut would entail bringing emissions down to a maximum of 333 million tonnes of CO_2-equivalent ($MtCO_2e$) by 2030, but in terms of net cuts, this would amount to just an 11% reduction on the 2019 level of 373 $MtCO_2e$, significantly behind the 43% target agreed to at COP28. Moreover, Thailand has set the goal of reaching net zero by 2065, which is later than the COP28 goal of 2050 and the targets set by all but a relatively small number of countries (e.g., India, Ghana, and Nigeria). **Thailand's current goals for climate action are thus less ambitious than those of most countries**, and in light of this, **Thailand may feel increased pressure to bring its targets into closer alignment with international norms** when it submits its next set of NDCs in 2025. However, any tightening of these will also add to the pressure on the economy, especially the energy sector since this is responsible for 70% of national greenhouse gas emissions.

Table 3:

Thai and Global Targets in Responses to Climate Change

	World	vs.	Thailand
GHG **emission reduction** target in 2030 compared to the 2019 level	**43%** (COP28 Outcome)		**11%** (GHG emission target in the latest NDC of 333 $MtCO_2e$ in 2030, compared to the actual emission of 373 $MtCO_2e$ in 2019)
Share of **renewable energy** to total energy supply in 2020	**12%** (International Energy Agency)		**19%** (International Energy Agency)
Share of **renewable energy** target	**37%** of energy supply by 2030 (COP28 Outcome)		**30%** of final energy consumption and **34%** of electricity supply by 2037 (Alternative Energy Development Plan 2018-2037)
Net zero emission target	**2050** (COP28 Outcome)		**2065** (Thailand's 2nd Updated NDC)

Source: International Energy Agency (IEA), Office of Natural Resources and Environmental Policy and Planning (ONEP), Department of Alternative Energy Development and Efficiency (DEDE), UAE Consensus, Krungsri Research

- **Planning for adaptation and compensation for losses**: The COP28 agreement underscored the importance of putting in place adaptation measures and of providing compensation payments to those bearing the brunt of climate change impacts. Given the fact that Thailand is a developing country and ranks 13th in the list of nations most exposed to climate change, now that the loss and damage fund has been established, Thailand ought to take advantage of this and to use this money to pay for losses. With regard to adaptation, the authorities have already published the National Adaptation Plan, but this should now be reviewed and brought into closer alignment with the COP28 agreement to the extent that this is relevant to Thailand's situation. The effectiveness of these measures will need to be closely monitored, especially in as much as they impact the farming sector since this is responsible for around 15% of national greenhouse gas emissions. Farming is also the sector most exposed to climate change impacts (e.g., through flooding and drought), while farmers are among the groups least able to absorb climate change losses and to adapt to environmental changes.

The progress the COPs have made in addressing climate change points to their general tendency to gradually ratchet up the intensity of their demands and the ambition of their goals. In the case of Thailand, the passing of a **climate change act** will give the government an important means by which national action can be brought into alignment with the global consensus, and so businesses will need to closely monitor legislative changes in this area as well as any tightening of national pledges relating to emissions cuts since ultimately, these have the potential to significantly impact individual organizations. In this context, '**transition finance**' in the form of, for example, green bonds and green loans will have a major role to play in helping businesses make solid progress towards net zero and to keep pace with the global move towards sustainability.

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KRUNGSRI RESEARCH

Pimnara Hirankasi, Ph.D.
Head of Research Division and Chief Economist

Macroeconomic Team

Sujit Chaivichayachat
Head of Macroeconomic Research

Wanicha Direkudomsak
Senior Economist

Churailuk Pholsri
Senior Economist (Forecasting)

Thansin Klinthanom
Economist

Krittabhorn Sirichaichingkun
Economist

Supasyn Itthiphatwong
Economist

Analytics & Intelligence Team

Pimnara Hirankasi, Ph.D.
Acting Head of Analytics and Intelligence Research Department

Nathanon Ratanathamwat
Senior Analyst

Narichaya Satafang
Analyst

Parinya Mingsakul
Analyst

Chanatta Thararos
Analyst

MIS and Reporting Team

Thamon Sernsuksakul
Administrator

Chirdsak Srichaiton
MIS Officer

Wongsagon Keawuttung
MIS Officer

Industry Team

Pimnara Hirankasi, Ph.D.
Acting Head of Industry Research

Taned Mahattanalai
Senior Analyst (Digital)

Poonsuk Ninkitsaranont
Senior Analyst (Healthcare, Mobile Operators)

Piyanuch Sathapongpakdee
Senior Analyst (Transport & Logistics)

Narin Tunpaiboon
Senior Analyst (Power Generation, Modern Trade, Chemicals, Medical Devices)

Thian Thiumsak
Senior Analyst (Energy, Petrochemicals)

Puttachard Lunkam
Senior Analyst (Construction Contractors, Construction Materials, Hotels, Industrial Estate)

Patchara Klinchuanchun
Senior Analyst (Real Estate)

Chaiwat Sowcharoensuk
Senior Analyst (Agriculture)

Prapan Leenoi
Analyst (ESG)

Supawat Choksawatpaisan
Analyst (Automobile, Electronics & Electrical Appliances)

Suppakorn Kornboontritos
Analyst (Agriculture, Food & Beverages)