

New NDC: Climate commitment and opportunity for a post-Covid19 green recovery

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Given the serious health crisis affecting us globally, it seems out of context to refer to any other topic. However, the urgency with which governments face Covid19 and the way in which we stimulate recovery to the socio-economic crisis that the virus leaves behind, will directly affect the other major global emergency we are experiencing: climate change.

Like COVID19, the climate crisis has a profound impact on people's lives globally, and facing them decisively and with a sense of urgency is an ethical imperative. Like the coronavirus, facing the climate crisis requires not only immediate action, but also establishing medium and long-term goals. Clear and ambitious goals that allow our development efforts to be directed towards a low-emission, climate-resilient pathway, with social, environmental and economic advantages that improve the quality of life of people throughout our country.

This is why today Chile presents the update of its Nationally Determined Contribution (NDC), which establishes intermediate goals for 2030 in terms of reducing emissions and adapting to climate change. These commitments – as well as those set out in the Draft Climate Change Framework Law recently submitted to Congress, with a goal of Carbon Neutrality by 2050 as called for by the science point the way forward and are key for defining how we deliver economic recovery from difficult moments we are facing.

This update was developed through a broad and multisectoral process of stakeholder engagement, bringing forward the different views and visions of our country. Among the improvements made, especially noteworthy is the inclusion – for the first time in a NDC – of a social pillar that cuts across mitigation, adaptation and integration commitments, establishing a process for just transition as part of decarbonisation plans as well as the contribution of each commitment to the Sustainable Development Goals.

Given the crisis we now face, today more than ever we must work together, not only to make caring for the environment compatible with economic and social development, but also the force powering it, through Chile's great potential for generating clean energy. We were able to illustrate this with the launch of our Sovereign Green Bonds during 2019 and early 2020. These bonds have allowed the country to acquire debt at historically low rates and high levels of demand, confirming the interest in financing sustainable projects.

The measures to become carbon neutral are grouped into 6 lines of action projected to 2050. Each contributes to reaching that goal and is ordered according to cost-efficiency: industry and sustainable mining (25%); the production and consumption of hydrogen (21%); construction of sustainable housing and public-commercial buildings (17%); electromobility, primarily in public transport (17%), the closure of coal-fired power plants, which represents a key enabling measure (13%), and other energy efficiency measures (7%).

Achieving the Carbon Neutrality goal could mean investment opportunities of between US\$27,300 and US\$48,600 million over the same period. The established targets allow us to prepare a roadmap focused on specific areas where sustainable projects must be implemented, which require the investment and workforce that will be needed for our recovery after this crisis.

A concrete example? Green hydrogen. We have the capacity to be a world power in its production and export, which would entail establishing a new hub of development and progress for Chileans. At the same time, it could represent 21% of the solution that we as a country are evaluating to reach carbon neutrality by 2050.

To achieve this, we need to work together, increasingly integrating expertise and technological development, because only together will we build the country that we all dream of and be able to face and emerge from this crisis in a sustainable way, focusing on people and their environment. The invitation is to join this transformation.