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Headline: Boldest of actions needed to curb global warming

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Conclusion

Last week, we discussed that without significant actions taken to combat climate change and if we continue to operate in an emissions-intensive global economy, Southeast Asia will experience climate change-induced economic losses of approximately \$28 trillion in present value terms by 2070, by Deloitte's estimates. This is in a scenario where global average temperatures increase by more than 3 degrees Celsius above pre-industrial levels by the end of the century.

At the 2021 United Nations Climate Change Conference, scientists revealed that the Earth is on track to warm about 2.5 degrees Celsius—a full degree above the world's shared climate goal.

On the opposite end of Deloitte's modeling, our researchers found that rapid decarbonization that would limit global average warming to 1.5 degrees Celsius by 2050 could yield economic gains of approximately \$12.5 trillion in present value terms for Southeast Asia's economy by 2070. This would be equivalent to adding double the 2019 value of the Indonesian economy to Southeast Asia in 2070 alone.

Deloitte drew up a four-phase approach, beginning with bold climate plays from 2021 to 2030. During this period, governments, regulators, businesses, industries, and consumers need to push even harder to create the market conditions that would pave the way for faster, greater decarbonization. We need to see transformations in supply chains and significant investments in sustainable technologies. These would lay the foundation for the bigger shifts that are needed to limit global average warming to 1.5 degrees Celsius, but immediately, the region's industries would be better off.

From 2030 to 2040, there should be coordinated change among the stakeholders. This is when we will see the hardest shifts in industrial policy, energy systems and consumer behavior. At this point, businesses and economies will begin to see the consequences of their actions in the first phase. For the region, ongoing structural changes would deliver modest economic benefits compared to those experienced in the initial phase.

This phase will be followed by the turning point, from 2040 to 2050, which would be the decade when we avoid a "locked in" higher-emission pathway and we realize the economic dividends of technological progress. By this period, the decarbonization of high-emitting industries should be nearly complete, and the cost of new low-emission technologies would be decreasing. The bold actions taken in the first two phases will now be realized as steadily rising economic gains throughout the region, as a result of direct economic benefits of decarbonization and the avoided costs of unchecked climate change.

Finally, after 2050, Southeast Asia should have a low-emission future. The region's economy would be near net zero emissions and interconnected low-emission systems spanning energy, mobility, manufacturing and food and land use around the world would be keeping global average warming to around 1.5 degrees Celsius.

Getting to this future state is a formidable endeavor, but there are so many ways to do so, and there is an entire planet to mobilize. As a global network, we at Deloitte have committed to achieving net zero emissions by 2030, and at Deloitte Philippines, we have strengthened and expanded our climate and sustainability advisory capabilities so that we can better support other organizations in their efforts to be a part of the climate solution. The biggest challenge we face requires the boldest of actions now. Let's start working. INQ

Deloitte Asia Pacific released a number of reports about the economic impact of climate change on specific territories within the region. (You can find all the reports here: <https://www2.deloitte.com/global/en/pages/about-deloitte/articles/asia-pacific-turning-point.html>)

This article reflects the personal opinion of the author and not the official stand of the Management Association of the Philippines or MAP. The author is a member of the MAP and the managing partner and CEO of Deloitte Philippines. Feedback at and .

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