

ISPI

G20 Simulation Game

Milan, 21-23 June, 2022

FINAL DECLARATION



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PREAMBLE

We, the Leaders of the G20, met in Bali, Indonesia on 20-23 June 2022 in order to pursue a common agreement on the challenges of our time. We pledge to work together with intentions towards enhancing innovation in the green economy.

The green transition that we aim to strongly achieve goes along with a just transition which is pointed towards finding short-term as well as long-term solutions. We strive to achieve a common ground between all the parties to stabilize the energy markets.

The importance of multilateralism and dialogue, perhaps, has never been so urgent as it is today. Global supply shortages, market volatility and energy disruption worldwide are affecting our societies and creating social unrest. We are fully committed to pave the path of a sustainable future for the generations to come.

JUST TRANSITION

G20 resolutely considers just transition as a priority in that it is an essential aspect of the broader energy transition to achieve a sustainable economic system. The global character of the climate change crisis necessitates a firm response by all of the G20 countries and multilateral cooperation is viewed as the solution to successfully achieve a global and just transition.

As a key principle, diversification in national energy mixes is essential for the decarbonisation process and for the gradual relinquishment from high emissions energy sources. Alternative energies should be considered as crucial for a successful transition, while accelerating the work to more green and affordable energy resources. We overall have to keep into account every country's peculiarities, proper resources and capabilities in the energy field. Local realities and national circumstances should be kept in high consideration when assessing one country's efforts towards decarbonisation. With regards to this, it is acknowledged the dependency of certain countries on hydrocarbons and it is understood that a just transition does require time and economic facilities. Nonetheless, we believe that countries must be just as ambitious. Advanced economies should play a key role in cooperating with developing countries to help them achieve a just transition, notably through investment for the production of green energies on the territories of developing countries themselves. We acknowledge the historical moral responsibility held by countries belonging to the global north. Therefore, based on such moral responsibility, we believe that any of such countries should take appropriate measures to contribute to a global just transition. Nonetheless, we firmly stand up for national territorial sovereignty and ownership of natural resources. In this light we condemn any third parties' exploitation of lands, We firmly assert that a just transition implies a sharing of gains and it is not compatible with any sort of exploitation. G20 countries severely blame any sort of neocolonialism concealed behind investments and financial help to developing countries.

As a short term measure to accelerate the global energy transition, advanced countries in the green energy field should provide other countries with green energies. However, a just transition should take place through investment in new technologies and through the development of cooperative financial frameworks. We additionally want to underline the relevance of transparency mechanisms for investments. Besides, sharing knowledge, especially on green , by putting in place a knowledge-sharing mechanism is considered by G20 countries a priority.

Additionally, there is a need to develop a global programme for workers to acquire skills and competencies in green jobs. Such education-based mechanisms should be enriched with exchange programmes, allowing different countries to share their unique expertise. On the other hand, international programs of social protection for workers and market segments that need to be re-skilled and re-directed should not be neglected as indispensable measures to thoroughly face the renewal of the energy sector. We also want to emphasize how awareness-raising and general information of common citizens on the energy transition is vital, as individuals' participation and shift in behavior can valuably contribute to the cause.

G20 wishes for the institution of a climate forum, a permanent multilateral, international, and collaborative conference, in which to discuss the concrete implementation of measures concerning energy transition and in which to share knowledge and expertise on green transformation of markets. This would allow for discussion among countries on the steps undertaken towards a just transition and exchange of expertise. G20 also goes on with participating and encouraging participation in precedent climate fora.

G20 finally encourages countries to set concrete and achievable goals. For this reason, we propose that all the parties constituting this group will try to reach an appropriate and increasing share of their GDP expenditure on R&D dedicated to Green energy transition the sooner they can. Such a target is intended to avoid countries from free-riding and encourage countries to take ambitious decisions, based on their concrete economic capabilities.

ENERGY MARKET STABILIZATION

The G20 considers the stabilization of the energy market as a top priority on its agenda. Urgent short-term solutions are to be found, especially holding into account the large number of individuals who are extremely vulnerable to the current market volatility. On the other hand, virtuous long-term plans are to be adopted to make sure that the global energy market works to the mutual advantage of all its players. As a remedy to the current situation, we propose the creation of a short-term temporary task force focused on stabilizing the energy market. This should be coordinated by G20 countries, providing expertise. In this manner, alternative energy suppliers can be provided to those countries most affected by this energy crisis. Bilateral agreements are welcomed as well. Affordable prices (set according to a specific country's situation) should be decided and regional hubs for coordination should be created. The main idea is to cooperate despite differences with the aim of mitigating effects on countries' populations who cannot do anything about current global conflicts. In practice, this implies the participation of all main energy producers and consumers.

Based on France's proposal, several G20 countries propose to endow this Task Force with mechanisms and policies that can potentially be activated during other global emergencies, to improve global preparedness for future energy crises and enhance international collaboration. However, Russia evaluates the previous proposal as unacceptable, considering the energy sector a key area of a country's

national interest. For this reason, Russia claims, it is not possible to delegate any power in this sense to an external international body.

The G20 countries are aware of the negative consequences of the current crisis, which tremendously impacts on market volatility and energy prices. The G20 calls for a remedy to the determinants of this volatility and for the development of laws and regulations, so as to secure the stability of the energy market and thereby safeguard the material security of the world population.

On the other hand, from a long-term perspective, we propose an enhanced cooperative strategy towards a more stabilized world economy within the energy sector. We believe that diversification is a crucial point to achieve our common goal. Hence, it will be necessary to consider policies aimed at supporting energy mix, and encouraging the use of diverse alternative resources.

The creation and use of clean energy technologies needs sustainable supply chains and investments, capable of safeguarding international trade and making it resilient. The G20 agrees that it is crucial to share expertise, knowledge, and good practices across international borders.

The G20 also believes in enhancing the principles of the circular economy, aiming at reducing uncertainty and guaranteeing long-term transformative changes and resource efficiency, by investing in research, science and technology.

Based on Italy's proposal, the majority of G20 countries encourage the adoption of a price cap specific to each country, considering their economic position; and suggest cutting natural gas and electricity tariffs, in order to help citizens to recover from the disruption caused by hiking commodity prices and rising inflation. However, Saudi Arabia completely disagrees with this proposal, arguing that this would be detrimental to its economic interests and those of other producing countries outside this forum. Moreover, other five G20 countries, among which the United States, South Africa, United Kingdom, India and Indonesia expressed serious concerns about this proposal. Thus, no general consensus exists concerning this specific topic.

HOW TO ENHANCE GLOBAL COOPERATION TO ACCELERATE THE ENERGY TRANSITION

The G20 countries' objective is to enhance multilateral agreements and negotiations with groups of countries to build new and more diverse energy supply lines, keeping in mind the fundamental objective of economic development and the wellbeing of our citizens. It is crucial to continue our efforts to mitigate the effects of climate change by reducing our greenhouse gas emissions, to achieve progressive carbon neutrality – taking into account also the fact that several countries are still facing an economic and energy crisis and therefore need a smoother transition. On the other hand, it is essential to prepare our societies for impacts that cannot be avoided, by strengthening our adaptation strategy, with ambitious policies to reduce vulnerabilities and increase resilience to climate change. We need to act together. There is still a gap in achieving the objectives of the Paris Agreement, and speed of implementation is vital.

The G20 supports cooperation to increase transparency in global energy markets, including international transfers of investments, information, skills, infrastructure, and technology. To enhance cooperation on accelerating green transition, the countries are encouraged to strengthen already existing initiatives, particularly in the Global South. Nonetheless, the implementation of new projects is essential.

The G20 countries support the idea of extending the Climate Club coalition to the other members of the group in order to make proportionate commitments to decrease CO₂ emissions. We support the idea of

creating regional subgroups inside the climate club that could help different nations set their goals and share their know-hows and practices. The larger the coalition, the higher the abatement. If everyone is in the coalition, we will be able to reach the global optimum. The Climate Club can be a valuable option for middle- and low-income countries as well as high-income countries to receive targeted investments under particular treaties, specifically for climate adaptation as a means to reach the pledges already made in other fora and also to avoid and to prevent climate disasters. The Climate Club would act worldwide with a vision of solidarity. Consequently, the Club would be structured on the institution of diversified membership-status, to distinguish the financial participation in accordance with the shared but differentiated responsibility principle. The discussion on the details of this concept, such as how to avoid free-riding, should continue in other international fora and in next G20 summits.

In order to better tackle the energy transition, the G20 invites the international community to consider the adoption of fiscal measures to gradually and responsibly reduce the use of fossil fuels, considering each country's capacity. We recognise the importance of the private sector in contributing to these pledges.

However, Russia expresses serious concerns regarding the use of “fossil fuel” as the term to identify the main source of carbon emissions. In Russia's view, natural gas, being the least intensive fossil fuel asset, represents the major tool to operate an effective transition towards a lower impact energy mix.

Cooperation in the field of education is a vital aspect of the global intention towards a successful energy transition. G20 countries should commit to foster the development of programmes focused on energy transition skills and the sharing of knowledge.

Assessing new policies to adapt, mitigate and manage emerging energy security vulnerabilities and risks associated with energy transition is essential for the transition itself. For this reason, it is recommended to develop a common protocol within the G20 and then reach out to other regions. This could be also done jointly with interested international bodies already working in the field of energy.



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