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In recent years, a wave of sustainability projects and goals have mostly been led by Europe. Last year, the EU announced its Green Deal, which will be a core pillar of the political agenda for the future. And recently it agreed a €750 billion recovery package to revive the European economy from the coronavirus. How are these two announcements connected?

At the heart of the recovery package is the EU's Green Deal; 25% of the funds will be targeted at investments to combat climate change, such as renewable energy, cleaner transport and logistics, and upgrades of buildings and infrastructure. One of the objectives of the Green Deal is to mobilise at least €1 trillion in sustainable investments over the next decade, which is around 7.5% of current EU GDP.

On the other side of the Atlantic the tide may also be turning. President Trump has made it abundantly clear that combating climate change is not high on his agenda. Perhaps the most potent symbol of his reticence towards the biggest challenge of our time was his administration's decision to withdraw from the 2015 Paris Agreement on climate change mitigation.

President-elect Joe Biden may be about to 'trump' Trump. Biden has already announced he will re-join the Paris Agreement soon after he is sworn in as President. In fact, he has gone as far as to propose a new Green Deal for the US. His plan for a "Clean Energy Revolution and Environmental Justice" (a title to be taken seriously we would suggest) covers the following:

1. Ensure the U.S. achieves a 100% clean energy economy and reaches net-zero emissions no later than 2050.

The plan specifies target areas, such as reducing greenhouse gas emissions from transportation and lowering airline emissions, accelerating the development and deployment of carbon capture sequestration technology, accelerating the deployment of electric vehicles and reducing the carbon footprint of the US building stock by 50% by 2035.

2. Support for a Green Border tax.

The plan recognizes the global nature of climate risk and suggests carbon adjustment fees or quotas on carbon-intensive goods. It also suggests structuring trade agreements based on countries' commitments to the Paris Agreement.

3. Rally the rest of the world to meet the threat of climate change.

The US accounts for 15% of global emissions, representing a significant global footprint. Biden wants to re-join the Paris Agreement and raise the ambition.

Within his first 100-days he wants to convene a climate world summit to persuade other nations to join the US in making more ambitious national pledges, above and beyond the commitments they have already made.

He wants global leaders to embrace the Kigali Amendment to the Montreal Protocol, adding momentum to curbing hydrofluorocarbons, and especially potent greenhouse gas, which could deliver a 0.5 degree Celsius reduction in global warming by mid-century.



Biden's proposal vows to make a federal investment of \$1.7 trillion over the next 10 years, which is around 8% of current US GDP. The idea is to leverage additional private sector, state and local investments to reach a total of more than \$5 trillion, which amounts to 23% of current US GDP. If these plans are put into practice, the US will soon be outpacing the EU on the sustainable front.

Will the politically toxic landscape in the US allow him to put his 'revolution' into practice? The US election polls are pointing towards a split government; Congress and the president will be Democrat, while the Senate remains Republican. But the plan to re-join the Paris agreement does not need Senate ratification. For the other parts of the Green agenda, only the carbon fees or quota's need Senate approval, but the investments in clean energy could be achieved by executive orders.

A US green wave may well appear on the horizon. Throw in the substantial green plans announced by the EU and that wave may turn into a green tsunami, with inevitable investment opportunities for sustainable investors.

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