



Five Takeaways from Biden's Leaders Summit on Climate

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1. Climate diplomacy was the big winner of the Summit

The Biden-Harris administration's ability to convene over 40 global leaders, including President Vladimir Putin of Russia and President Xi Jinping of China, for a constructive conversation on climate change is a significant achievement in these times of elevated political tensions. The United States has criticized and sanctioned leaders of both nations for their roles in cyberattacks, election interference and human rights violations, and Biden has called China the United States' "most serious competitor." Despite these tensions, China announced it will accelerate the phase down of coal, and President Xi and President Putin both expressed a desire for international cooperation in their Summit remarks—small, but nonetheless important steps forward.

China's statements build on the dogged efforts of John Kerry, U.S. Special Presidential Envoy for Climate, who successfully negotiated a very forward-thinking [joint statement](#) with his Chinese counterpart, Xie Zhenhua, in Shanghai last week, which described climate change as a "crisis"—[a first for China](#)—and conveyed a shared "urgency" for "enhancing their respective actions."

2. The new U.S. NDC is ambitious, but is it achievable?

The administration's [pledge](#) to reduce U.S. greenhouse gas emissions by at least 50 to 52 percent by 2030—which serves as the U.S.'s new "Nationally Determined Contribution" (NDC) under the Paris Agreement—significantly builds on President Obama's initial NDC of 26 to 28 percent by 2025. To achieve this goal, the administration suggests the U.S. will rely on a mix of federal "standards, investments, incentives, taxes, programs, and support for innovation" and

leverage action in key states. While we hoped the NDC would provide more granularity as to how the administration plans to meet the pledge, credible studies from the [America Is All In](#) coalition and [Energy Innovation](#) show the NDC is achievable, but requires Congress to pass new legislation—a significant challenge given the close partisan split.

3. The U.S. International Climate Finance Plan has shifted dramatically

On Earth Day, President Biden released the U.S. international climate finance plan “as a signal to other governments, international institutions, and stakeholders that the United States intends to work closely with them to deploy climate finance more efficiently and with highest impact.” The Plan, which constitutes the U.S.’s “strategic vision of international climate finance with a 2025 horizon,” covers five areas: (i) scaling up climate finance and enhancing its impact; (ii) mobilizing private sector finance; (iii) ending international financing for carbon-intensive fossil fuel-based energy, with the exception of projects for which the U.S. finds a “compelling development or national security reason” for continued support; (iv) making capital flows consistent with low-emissions, climate-resilient pathways; and (v) defining, measuring and reporting U.S. public climate finance. Here are several highlights:

- By 2024, the U.S. intends to double its annual public climate financing to developing countries relative to what the U.S. was providing during the second half of the Obama administration, while tripling U.S. adaptation finance.
- The Development Finance Corporation (DFC) will transition its portfolio to net-zero emissions by 2040, including by increasing investment in carbon capture and storage projects, and “will soon release calls for applications for climate-focused investment funds and other climate-related investment opportunities in partnership with aligned organizations.”
- The Department of the Treasury, in partnership with other Organisation for Economic Co-operation and Development (OECD) countries, “will spearhead efforts to . . . reorient financing away from carbon-intensive activities.”

4. The world wants a meaningful carbon price

Many world leaders and other Summit attendees stressed that a meaningful carbon price is necessary to catalyze the level of innovation and investment needed to achieve the Paris Agreement’s temperature goals. Kristalina Georgieva, Managing Director of the International Monetary Fund, said the biggest step governments can take this decade is to adopt a robust carbon price coupled with the elimination of fossil fuel subsidies—a point echoed by New Zealand Prime Minister Jacinda Ardern. Georgieva further called for agreement among G20

nations on carbon pricing, for example, by setting a carbon price floor, arguing that such an agreement would shield industries in those countries from trade wars likely to arise from the imposition of border carbon adjustments.

Elsewhere on carbon pricing, President Félix Tshisekedi of the Democratic Republic of the Congo explained that the current price of forest carbon offsets, “at \$5 per tonne, is neither fair nor realistic.” Instead, President Tshisekedi argued that a “fair price for forest carbon . . . should be at least \$100 per tonne.” Even Russia got in on carbon pricing, with President Putin noting in his remarks that Russia’s Sakhalin region launched a pilot cap-and-trade system in order to achieve carbon neutrality in the region by 2025.

5. The Summit achieved its primary goal: to enhance major economies’ climate ambition

Several nations—most notably Canada, Japan and Brazil—announced greater commitments to curb domestic emissions and take other steps to combat climate change. Canadian Prime Minister Justin Trudeau pledged a 40 to 45 percent emissions cut by 2030 compared with 2005 levels, a major increase from its previous pledge of 30 percent. Japanese Prime Minister Yoshihide Suga said Japan will curb emissions by 46 percent by 2030 compared to 2013 levels, upping its previous commitment to a 26 percent reduction. Brazilian President Jair Bolsonaro vowed to end illegal deforestation by 2030 and to achieve carbon neutrality by 2050, after criticizing efforts to protect forests and threatening to withdraw from the Paris Agreement in recent years.

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