



**FOSSIL FUEL
NON-PROLIFERATION
TREATY**

KI MUA: TOWARDS A JUST TRANSITION FOR THE PACIFIC

EXECUTIVE SUMMARY
November 2023



FOREWORD

'Low-cost renewable energy provides the most compelling pathway to the decarbonisation of the global future energy system and the achievement of both the 1.5°C target and the goals of the Paris Agreement.

...

Renewables will reduce fossil import bills and average electricity system costs, and lessen the damaging impacts of high electricity prices on consumers and industry. This year's fossil fuel price crisis demands a response; renewables and energy efficiency provide the answer, bringing unprecedented benefits for consumers, the environment and the global economy.'

International Renewable Energy Agency, 2022

¹(IRENA, 2022a, 5).

Talofa and warm Pacific greetings,

It is my pleasure to introduce this comprehensive report, which delves into the pathways for the Just and Equitable Transition in the Pacific region.

While responsible for just a fraction of a percent of annual global emissions, Pacific communities are on the frontline of the climate crisis, feeling its impacts through rising sea levels, more intense extreme weather events, increasing crop failure, diminishing marine ecosystems and both physical and social harms.

For decades, Pacific Island nations, frontline communities and indigenous leaders have been at the forefront of climate action and challenging fossil fuels. However, our reality is that currently we are heavily reliant upon imported fossil fuels for our energy needs, with the lion's share of our electricity coming from diesel generators. These costs are steep, with the Pacific islands collectively spending \$6 billion USD on fossil fuel imports annually.

We can tap into the power of wind, sun and water. Our countries have been rapidly moving towards renewable energy sources as evident in our current energy policies and commitments. Tokelau is already 100% powered by solar energy with more Pacific Island Governments investing heavily in hydropower. A renewable energy transition in the Pacific would substantially improve Pacific islands' energy security and result in significant cost savings. At the same time, phasing out these polluting technologies and replacing them with clean, safe alternatives will have greater health benefits to the people of our Blue Pacific. It is clear that we will benefit significantly from the global energy transition, however, any plans for a just transition must be co-created with Pacific peoples.

Decades ago, Pacific Island leaders and communities were the first to raise the alarm about the impacts of climate change. Today, we continue to stand at the forefront of climate leadership – from setting the 1.5 global temperature limit in the Paris Agreement to the landmark passage of the ICJ Advisory Opinion in the UN General Assembly and now, pioneering the Port Vila Call for a Just Transition to a Fossil Fuel Free Pacific and calling for the negotiation of a new international treaty on fossil fuel phase out.

It is high time for wealthy, fossil fuel producing countries that are largely responsible for the climate emergency to take the lead in phasing out fossil fuels, and support our countries in the shift towards renewable energy. Embarking on a global clean energy revolution will require significant international cooperation, in particular addressing the critical need for substantial climate finance, as well as providing technical assistance to our nations.

A just transition plan for the Pacific must be comprehensive and holistic, accounting for all impacts associated with the energy transition, including those flowing from renewable energy uptake.

The world stands at a critical crossroads, where decisions made today will profoundly influence the well-being of our future generations.

This report, which has been meticulously crafted by a team of dedicated researchers, seeks to understand and analyze the advancements in renewable energy, map out pathways for a just transition and pave a way for the future we want to see. May this report ignite conversations, spur deep and critical discussions and actions, and drive us all towards a shared vision of a just, equitable and a sustainable future.

Hon. Seve Paeniu

Minister of Finance and Climate Change
Pacific Treaty Champion
Government of Tuvalu

Science is crystal clear: Fossil Fuels are responsible for the irreversible harm to people and the planet now being suffered by all. New analysis shows that the world's 20 largest economies spent a record-breaking \$1.4 trillion on state support for the coal, oil and gas industry in 2022, while all developed countries together have still not yet managed to meet their 2009 commitment that by 2020 they would collectively provide USD 100 billion annually to developing countries towards addressing climate change

How is this possible that the world still has such an addition to fossil fuels, and that today's global leadership accepts horrific climate loss and damage consequences on a daily basis? It is immoral that Pacific islands are right now disappearing beneath the waves, fundamental human rights are being undermined and Pacific lives are being lost.

Hurtling now towards a future global heating of more than double the 1.5°C limit of the Paris Agreement, time for slow and steady action has passed, and the time for ambitious global leadership is upon us. We must see sustained, radical, and socially phase out of fossil fuels now, and not later. There is no other option for Vanuatu. There is no other option for our planet.

That is why the Republic of Vanuatu and the Republic of Tuvalu convened Pacific Ministers in Port Vila in March of 2023, to demonstrate ambition and call for a Just Transition to a Fossil Fuel Free Pacific.

The Port Vila Call has echoed around the world, and is now inspiring States from the global South and North to participate in the Pacific's International Court of Justice case to realise climate justice and accountability, to demand a fossil fuel phase out as an outcome of the United Nations climate negotiations process, and to develop a new Fossil Fuel Non-Proliferation Treaty that will shepherd the world towards abundant, green, and inexpensive energy, that keeps Fossil fuels in the ground and ensures that no State or Peoples are left behind in the urgent transition required.

I warmly welcome the KI MUA:TOWARDS A JUST TRANSITION FOR THE PACIFIC, a report which puts facts above the lies and misinformation of the fossil fuel energy and shows in quantitative detail that a Pacific without fossil fuels is both possible and beneficial to our sustainable development aspirations.

I look forward to working with all those who see, and are committed to realizing, this better way. You have in Vanuatu a staunch ally for present and future generations and an ally for our Planet.

Hon Ralph Regenvanu is the Minister for Climate Change Adaptation, Energy, Environment, Meteorology, Geo-Hazards and Disaster Management in the Government of the Republic of Vanuatu



EXECUTIVE SUMMARY



KEY FINDINGS

The 15

largest greenhouse gas emitting nations are responsible for **71.88%** of all annual global emissions.

The 14 Pacific Island Countries (PICs)

are responsible for just **0.23%** of annual global emissions.

The upfront estimated cost of replacing all existing fossil fuel electricity generation in the eight PICs profiled in this report ranges **from \$691 million USD to just over \$1 billion USD** depending on the specific technology mix.

A full decarbonisation of Pacific economies will lead to benefits quite apart from the obvious climate mitigation gains, including in the areas of **public health, energy accessibility and economic development, disaster resilience, political independence, and global climate mitigation advocacy.**

A just transition must go beyond replacing one technology with another,

and encompass a holistic approach to economic development in the Pacific, characterised by economic diversification, poverty eradication, decentralised renewable energy systems, and the retraining and redeployment of fossil fuel workers.

A genuine and full energy transition in the Pacific will not be possible without Global North nations providing substantial climate finance and expertise sharing in relevant sectors.

A JUST TRANSITION FOR THE PACIFIC

The world is in the midst of a climate crisis, whose impacts are already being felt by much of humanity. In order to prevent the worst impacts of dangerous global warming and preserve a planet able to sustain human life in close to its current form, the mining and burning of coal, oil and gas must be stopped as soon as possible, and replaced with renewable energy.

This crisis is unequal. It was caused primarily by the developed countries of the Global North, whose nations produced the lion's share of historic emissions, and continue to dominate the highest emitter rankings. The world's top 15 annual greenhouse gas emitters together currently produce 71.88% of all annual global emissions.

Its effects, however, are mainly felt in the Global South. Pacific Island Countries (PICs) are on the frontlines of the climate crisis, with their people already suffering from rising sea levels, more intense extreme weather events, and the crop failures, forced relocations, and harm to human life and culture they cause. This is despite the 14 PICs together producing just 0.23% of current annual global emissions.

As acknowledged by all leading global multilateral fora, the countries of the Global North therefore have a differentiated obligation to frontline communities to take responsibility for their past actions by helping to facilitate the energy transition in the Global South through measures like climate finance and sharing of expertise. Nevertheless, the nations of the Pacific have themselves committed – most recently in the *2023 Port Vila Call for a Just Transition to a Fossil Fuel Free Pacific* – to do their part by leading the way in decarbonising their economies and transitioning from an energy system largely based on diesel fuel, to one dominated by renewable energy.²

If the necessary and urgent economic transformation away from fossil fuels and renewables is to be credible for the Pacific, it must go beyond a simple swap of one technology for another and take the form of a just transition that implements real solutions across sectors to allow economic diversification, sustainable development and poverty eradication; an energy transition with ambitious deployment of people-centred, socially and environmentally appropriate renewable energy systems; and equity and a just transition for workers and communities in both the fossil fuel industry and other sectors affected by fossil fuel production phase out.

The task for the Pacific, while substantial, is achievable. Many PICs are already advanced on their decarbonisation pathways, with Papua New Guinea and Fiji, for example, already at 60% of their annual electricity generation coming from renewable sources. However, for other smaller nations, such as the Federated States of Micronesia, Tuvalu, and the Marshall Islands, whose energy mix remains dominated by fossil fuels, there is more work to do.

This report estimates that the **upfront cost** of replacing all existing fossil fuel electricity generation in the eight PICs profiled in this report ranges **from \$691 million USD to just over \$1 billion USD**, depending on the specific technology mix.

However, with the Levelised Cost of Electricity generated by onshore wind and utility solar PV now lower than that of coal, oil or gas, these initial investments would result in a **net economic gain** over the lifetime of the generation assets. Although some PICs currently enjoy renewable energy from other sources, such as hydropower and biomass, the cost of wind and solar has gone down so much over the past ten years, that any new renewable generation build would be unlikely to include other technologies in the foreseeable future purely on economic grounds.

² (PICAN, 2023a).

This programme of renewable energy investment would also reap many substantial co-benefits. All PICs profiled in this report exhibit air particulate pollution well above WHO safe levels. Removing the bulk of diesel generation from urban environments would mean that Pacific people would lead longer, healthier lives. Renewable energy sources, being more resistant to damage from extreme weather events like cyclones, would make PICs more resilient to climate impacts. Cheaper, more accessible energy would also represent a boost to the economies of the Pacific, while the resulting energy independence would empower PICs to more forcefully argue for their interests on the global stage.

The transport sector presents the greatest decarbonisation challenge for the Pacific, due to its unique geography, low baseline of EV uptake, and the high costs of replacing internal combustion engine vehicles with EVs and installing the necessary charging and grid upgrade infrastructure. Further, as developed economies decarbonise their own transport sectors, the dumping of cheap pre-owned ICE vehicles onto the developing world, including the Pacific, will exacerbate the comparative cost challenge of the transition.

However, while the upfront costs of decarbonising transport are significant, the latest research demonstrates that such an investment, over the course of its lifetime, would represent a net financial saving, quite apart from the considerable climate, environmental

and public health benefits that would result. This report recommends that, while transport decarbonisation should be a goal for PICs, priority be given to planning and securing investment in a 100% (or close to 100%) renewable electricity system before investing large amounts of public funds into transport decarbonisation.

With regard to just transitions for affected workers, it is important to emphasise that Pacific Island Countries have no domestic fossil fuel extraction sector, with the exception of Papua New Guinea. This means that a transition for their workforce would be relatively painless. In the case of PNG, strong economic diversification initiatives will be required to ensure fossil fuel workers are not left behind.

This report's individual profiles of eight leading PICs reveal the diversity of economic and social experiences in the region. However, they are united by the huge opportunities for sustainable economic growth and development, climate mitigation and adaptation, public health, security, and political advocacy offered by a planned phase out of fossil fuels and their replacement with renewable energy. For such a transformation to become a reality, global North countries responsible for the climate crisis must come to the table with meaningful offers of climate finance, expertise, and international climate action advocacy: measures that would result in a net benefit for all of humanity.







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