Media Release

China and India lead US in global renewable energy transition

- **China and India are rapidly scaling up renewable energies and are both on track to meet their climate targets**
- **Climate policies of new US administration may constrain investment climate but good prospects for renewables to continue their boom anyways**

To reach the Paris Agreement climate goal, and stay under 2°C warming, emissions will need to peak in the coming years and be reduced to zero by 2050. China, India and the US play a key role in achieving this target as they emit over 50% of the global CO_2 emissions and are by far the largest markets for renewable energies.

Published today, the Allianz Climate & Energy Monitor Deep Dive aims to inform investors and policy-makers on the scale of investments needed in China, India and the US to be in line with the Paris goals; and what recent developments, especially regarding the leadership change in the US, mean for investing in renewable power in the future.

Investments in China and the US need to roughly double, in India even triple, to remain within the Paris Agreement warming limit.

Renewable power investments will need to rapidly grow in the coming two decades to be in line with the Paris Agreement targets. According to UNEP and Bloomberg New Energy Finance (BNEF), in 2016, combined investments in renewable electricity in China, India and the US amounted to USD 134 billion. These accounted for over half of the global investments in electricity supply in 2016.

China and India overshoot their renewable energy targets regularly and are exiting coal.

China and India are currently well on track to achieve their climate targets set for the Paris Agreement.

China aims to increase the renewable energy capacity by 38% in 2020 compared to 2015 levels, equaling 680 Gigawatt (GW) of installed capacities and investments of USD 361 billion in renewable energies. For comparison: Germany, which ranked first in the Allianz Climate & Energy Monitor 2016 for its renewable energy policies, currently has roughly 100 GW renewables installed. A new park of 10 wind mills has around 0.04 GW of capacity.

Allianz SE
Koeniginstr.28
80802 Munich; Germany
Phone: +49.89.3800.18475
Fax: +49.89.3800.2114
www.allianz.com/news

India is also developing its renewable energy capacity at a rapid pace. In 2016, solar and wind installations exceeded the annual goal by 43% and 116% respectively. For 2022, India plans 175 GW of installed renewables. With market forces set into action by a clear policy intent, India is expected to comfortably achieve its climate targets.

Both countries are looking to exit coal-based power generation: China is cancelling plans for new fossil-based power plants and swiftly decommissioning existing coal power plants, while India is considering plans to stop building new coal power plants after 2022.

Staunch support for renewables in individual US states.

In the US, renewables are booming with more than 16 GW of wind and solar capacities installed in 2016, accounting for 60% of all new capacity (27 GW). This has been driven by ambitious Renewable Portfolio Standards in various US states and tax credit schemes on federal level as well as the decline in costs for renewables.

“Rapidly falling technology costs for renewables and strong investment conditions at the state-level continue to make the US attractive for institutional investors like Allianz, despite a constraining outlook on support from the federal level from 2020 onwards”, says Thomas Liesch, Senior Project Manager at Allianz Climate Solutions.

If the US drops out of the renewable triad mid-term, the EU could emerge as the third global pillar.

“With policy retrenchment beginning to take shape under an ‘America first’ energy blueprint, we expect China and India to outcompete the US - for the second-consecutive year - in providing an effective and reliable green policy environment”, says Ritika Tewari, Climate Policy Analyst at NewClimate Institute.

China, India and the US can play a leading role on the pathway to a global energy transition. But the outlook for federal policy ambition is worsening in the US from a climate perspective. For achieving the worldwide transformation with stable trends and good conditions another frontrunner is needed. “The EU could replace the USA and take the economic chances” explains Jan Burck (Germanwatch), co-author of the study. “With the current G20-presidency Germany plays additional a crucial role: The German government needs to convince the other G20-states to set up own climate protection plans.”

Cologne, Hamburg, Munich, April 20th, 2017

Allianz Climate Solutions GmbH, Germanwatch e.V. and NewClimate Institute for Climate Policy and Global Sustainability gGmbH

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Note to editors

The upcoming 2017 update of the Allianz Climate and Energy Monitor, will provide updated analysis for renewable energy investment attractiveness of G20 member states in 2016 and the widening investment gap. The release is due ahead of the G20 summit in July 2017 and will be available here: www.allianz.com/en/monitor

For further information please contact:

Boris Duval   Tel : +49 30 208492740
b.duval@newclimate.org

Stefan Küper   Tel: +49 151 252 110 72
kueper@germanwatch.org

Thomas Liesch   Tel: +49 89 3800 12889
thomas.liesch@allianz.com

About the contributors

The NewClimate Institute for Climate Policy and Global Sustainability is a Germany-based research institute generating ideas on climate change and driving their implementation. They do research, policy design and knowledge sharing on raising ambition for action against climate change and supporting sustainable development. Their core expertise lies in the areas of climate policy analysis, climate action tracking, climate finance, carbon markets, and sustainable energy.
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Germanwatch is an independent development and environmental organization that advocates for global equity and preservation of livelihood. They concentrate on politics and economies of the "global north" and its worldwide impacts. Starting point of the work are disadvantaged people from the "global south" and together with their members, sponsors and other actors from the civil society to lobby for sustainable development. Based on scientific analyses they inform the public sector, make educational as well as lobby work and demonstrate consumers how to act according their goals.
>> Germanwatch

Allianz Climate Solutions is the competence center of Allianz Group for climate change and renewable energy. We offer insurance and advisory services on financing issues for renewable energy projects to both external clients and Allianz entities. Furthermore, we are responsible for climate-related advisory and strategy development of Allianz and are an incubator for climate-related product development.
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