

U.S. Commits to Cutting Carbon Emissions in Half by 2030

At today's Earth Day Climate Summit, President Joe Biden announced to world leaders that the United States is committed to cutting its greenhouse gas emissions by 50% to 52% from 2005 levels by 2030. The President also committed to doubling by 2024 the amount of annual financial assistance the U.S. will provide to developing nations to help them lower their emissions, reduce their dependence on fossil fuels, and adapt to the effects of climate change. Other world leaders, notably including Chinese President Xi Jinping, committed to decreasing greenhouse gas emissions as well although not to the same levels as industrialized nations.

The Biden Administration's commitment to significantly lower greenhouse gases follows an earlier Executive Order on climate change and his decision to re-join the Paris Climate Agreement. The emissions reduction target announced today is significantly more aggressive than the target set by then President Obama in 2016. The Obama Administration called for a 26% to 28% emissions cut by 2025 from 2005 levels. The country, however, is not starting from scratch. U.S. greenhouse gas emissions have steadily been trending downward from 2005 levels largely due to decreases in coal consumption from the energy sector.

It is unclear how the Biden Administration plans to meet the reductions announced today. The Administration has already targeted 100% carbon-free electricity by 2035, which the administration has stated will be achieved through increasing clean energy sources and more efficient means of transmitting and storing energy. The Administration has also announced that it will seek to end investment in foreign carbon-intensive fossil fuel projects. Although Congress has yet to act on climate change legislation, this is something that could be on the agenda in 2021.

At the very least, it is likely that the country will see new regulations from federal agencies, including the Environmental Protection Agency, the Department of the Interior, the Department of Energy, and the Department of Transportation, to aggressively cut emissions across a broad array of sectors, including energy, oil and gas, construction, cement, steel, chemical, agriculture, and motor vehicles. The Obama Administration previously implemented regulations to decrease greenhouse gas emissions; however, these regulations were largely rescinded and replaced by the Trump Administration.

For More Information

Please contact Kristin Parker, the Chapman attorney with whom you regularly work, or visit our [Social Finance and Impacting Investing](#) resources at chapman.com.

Kristin L. Parker

Chicago

312.845.3481

kparker@chapman.com

Chapman and Cutler LLP

Attorneys at Law · Focused on Finance®

This document has been prepared by Chapman and Cutler LLP attorneys for informational purposes only. It is general in nature and based on authorities that are subject to change. It is not intended as legal advice and no attorney-client relationship is created. Accordingly, readers should consult with, and seek the advice of, their own counsel with respect to any individual situation that involves the material contained in this document, the application of such material to their specific circumstances, or any questions relating to their own affairs that may be raised by such material.

To the extent that any part of this summary is interpreted to provide tax advice, (i) no taxpayer may rely upon this summary for the purposes of avoiding penalties, (ii) this summary may be interpreted for tax purposes as being prepared in connection with the promotion of the transactions described, and (iii) taxpayers should consult independent tax advisors. © 2021 Chapman and Cutler LLP. All rights reserved. Attorney Advertising Material.