

Investment Opportunities in Decarbonising Indian Industrial Supply Chains Transcript

0:00

[Music]

0:11

india's power generation is

0:13

predominantly

0:14

fueled by coal

0:16

very high fossil fossil level usage and

0:20

i think you can see that in the fact

0:21

also that some six out of ten of the

0:23

most polluted cities in the world are

0:25

indian

0:27

india's share of global emissions stands

0:29

at about seven percent today it is a

0:31

fair bit

0:34

so big economy that's growing

0:36

home to the second largest population in

0:38

the world

0:39

but from a per capita perspective in

0:40

terms of how much emit how much the

0:42

country emits per person

0:45

the reality is the global average is two

0:48

and a half times what india is today

0:50

what you will start to see in india with

0:52

growing affluence is a increasing in the

0:56

per capita are carbon emissions
0:59
therefore i think in india is a very
1:00
important part of global decarbonization
1:07
the two big nations india and china
1:09
without them
1:11
we aren't going to get to where we want
1:12
to get to by 2050.
1:14
so it's absolutely critical that we work
1:17
closely with both of them
1:21
we have this strong relationship with
1:23
india already
1:25
we have a the city of london corporation
1:26
has an office in mumbai
1:29
has done for eight to ten years that
1:31
that historical relationship is one that
1:34
helps us
1:42
india itself of course has pledged
1:45
to reduce carbon emissions very
1:48
significantly by some 35 percent uh in
1:51
by 2030 and with
1:54
an allied
1:55
reduction
1:57
in carbon emissions across the
1:59
industrial chain and by 2030 you will
2:01

see to start to see some quite dramatic
2:03
changes in the indian uh
2:06
power generation mix driven by a move
2:08
towards renewables some 40 percent of
2:10
indian energy will be generated by our
2:13
renewables over the next 15 to 20 years
2:18
[Music]
2:20
the focus of the conversation uh till
2:22
now was primarily on the energy
2:23
transition
2:24
there's also the mobility transition
2:26
which is all about well how do you shift
2:27
from internal combustion engine based uh
2:29
mobility to something that is
2:31
non-polluting mobility is where solar
2:34
was in india about 10 years ago
2:36
and remember solar didn't take a long
2:38
time to get from where it was 10 years
2:40
ago which was zero almost
2:42
to being 35 40 gigawatt today
2:45
so if i were to give you numbers evs in
2:48
india
2:49
just crossed the two percent share of
2:51
total vehicle sales uh in august this
2:54

year but of course the ambition is much
2:56
much higher and just just in terms of an
2:58
example i'll give you a number which
3:01
derives from niti ayog's ambition or
3:04
vision
3:04
of where they want to see electric
3:06
mobility you know niti ayog is the
3:08
premier think tank to the government of
3:10
india and they set out a mobility or
3:12
electric mobility vision for india
3:15
and and sort of talked about where they
3:17
think india should be what they want to
3:19
see india be uh by 2030.
3:22
[Music]
3:24
their vision is that 80 percent of two
3:26
wheelers and three wheelers would be
3:28
electric by 2030
3:30
70 of commercial vehicles would be
3:33
electric
3:34
forty percent of buses would be electric
3:36
and thirty percent of
3:38
private vehicles four wheelers would be
3:40
electric so sum it all up it's a 206
3:44
billion dollar sales opportunity in
3:45

india over the next 10 years if you were
3:48
to go by nithyayog's vision so the move
3:50
towards electrification is also a move
3:52
towards metallification um all aspects
3:55
of electrification from power generation
3:58
to storage to infrastructure to
4:00
transmission are extremely metal
4:02
dependent
4:04
battery storage
4:05
requires
4:06
very intensive usage of minerals
4:09
such as lithium cobalt battery grade
4:12
nickel all of these are in fairly short
4:14
supply because we've come through this
4:16
of the last 20 years of a period of
4:18
significant under investment
4:21
in minerals
4:22
and in addition the projected levels of
4:26
metal that we need for electrification
4:29
are disproportionately large for example
4:31
we as a race will probably use more
4:34
copper in the next 15 years than mankind
4:36
has ever used just in the context of
4:38
india alone
4:39

india's projected lithium and cobalt
4:42
usage for electric vehicles between now
4:45
and 2030 is greater than the global
4:47
production of those minerals today so
4:49
there has to be significant upstream
4:51
investment in critical minerals but also
4:54
an ethically sourced genetically mined
4:55
minerals mines in countries which have
4:58
higher esg standards will attract more
5:01
investment than those that don't
5:05
finance is really the piece that ties
5:07
this whole thing together because when
5:09
you're talking about the transition when
5:11
you're talking about decarbonizing
5:13
you're really talking to a large extent
5:15
by putting infrastructure on the ground
5:17
which will help the economy decarbonize
5:19
[Music]
5:21
a heavy industry is another key core
5:23
infrastructure sector which is necessary
5:26
to actually have india achieve its
5:28
ambitions for economic growth and
5:30
amongst heavy industry it's cement and
5:32
steel which contribute the biggest share
5:35

towards ghg emissions
5:39
heavy industry which is primarily
5:41
defined as steel metallurgical
5:44
industries cement
5:46
have a different pathway
5:48
to reducing high emissions because very
5:51
often it's not just the electricity
5:52
usage but the very nature of the process
5:55
itself that leads to high emissions
5:57
technology for example in the form of
5:59
india moving away from blast furnaces
6:01
towards electric arc furnaces which run
6:04
of recycled scrap and high quality
6:06
metallic feed stock for instance will
6:08
bring as much as a 25 to 30 percent
6:10
reduction in greenhouse emissions from
6:12
that particular process similarly within
6:15
the cement industry there's extraction
6:17
and processing changes underway which
6:19
will make a difference
6:25
what we're trying to do when we're
6:26
talking about decarbonizing requires not
6:29
just effort from one country or two
6:31
countries but requires effort and
6:32

cooperation between countries i think
6:35
when it comes to the uk india corridor
6:37
or partnership one of the ways in which
6:39
practically this can work
6:41
is in the area of finance
6:44
[Music]
6:47
firstly there's the cfli which is the
6:49
climate finance leadership initiative
6:52
india partnership and we've had
6:54
conversations at government government
6:56
level and and uh we need to help so that
7:00
transition and that funding of that
7:01
transition can't just come
7:04
from india paying for themselves they
7:05
wouldn't be able to afford it
7:07
and that is partly the task of
7:09
developed countries to help with
7:11
developing emerging countries so we need
7:13
to help india as much as we can whether
7:15
it's through expertise innovation
7:17
technology
7:19
lawyers rule of law everything is here
7:21
and this is this is our huge advantage
7:25
uh uh versus the rest of the world one
7:27

of the things that i've seen and what
7:29
we've tracked is on the back of the
7:30
pandemic there's been a huge shift in
7:33
interest amongst investors towards
7:35
everything green towards everything
7:36
sustainable and that's a big positive
7:40
for example we tracked international
7:42
green bond issuances towards in the
7:44
indian renewable sector this year and
7:46
found that in the first six months of
7:48
2021 more money was raised to be precise
7:51
three and a half billion dollars
7:53
than in any previous calendar year so
7:55
that's really promising but if you were
7:56
to unpack that and see where the money
7:59
came from we saw about 50 of that
8:01
actually came from asia pacific
8:03
about 25 of it came from uh north
8:06
america specifically the u.s and only 25
8:10
percent of it came from emir so i think
8:12
there's a lot more that the uk can do
8:14
from a private capital mobilization
8:16
perspective particularly london can do
8:18
from a private capital mobilization
8:20

perspective

8:22

[Music]

8:27

the city of london has had a long long

8:30

very successful track record in uh

8:32

establishing itself as a center of

8:34

mining finance and i think you know what

8:36

you've been able to see now is

8:38

the city of london working with a

8:39

country like india

8:41

to develop a number of different uh

8:44

financing techniques including

8:46

differential pricing

8:47

for ethically sourced minerals

8:50

a framework in which ethically is

8:52

constructed off-take agreements can work

8:55

financing for indian companies investing

8:58

in british companies especially in

9:00

processing and extracting to extraction

9:02

technologies and finally

9:05

in the

9:06

standards around green financing which

9:09

drive the differential pricing that

9:12

makes a green financing successful many

9:14

of which are building incrementally on

9:16

the expertise the city of london has
9:18
built over the last 50 years
9:21
well i mean it's the green revolution
9:22
it's going to be bigger than the
9:23
industrial revolution we've got to move
9:25
even quicker
9:26
and that green revolution is going to
9:28
involve uh using
9:30
minerals and metals that we don't have
9:33
enough of
9:34
so that that ethical mining element is
9:37
is also going to prove critical
9:41
i think the kind of growth numbers that
9:43
we've talked about allied with the sort
9:45
of transition that india is going
9:46
through also underpinned by two
9:49
important strategic objectives that
9:50
india has followed for the last few
9:52
years which is of developing new
9:54
technologies within india and ensuring
9:58
advanced production techniques within
10:00
india provide some extremely attractive
10:03
investment opportunities all linked to
10:05
decarbonization over the next 20 to 30
10:07

years i always say it's about greening
10:10
finance and financing green and this is
10:12
the future and it's a great opportunity
10:14
for the city of london
10:16
to be the center of green finance and
10:18
whether that's private and public
10:20
finance coming together which i think it
10:22
very much will but also uh the city of
10:24
london being this financial center where
10:26
we have the capital uh to invest in some
10:30
of those projects in india.