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To the point!

Cross-Asset- and Strategy-Research

Ignoring the climate is becoming costlier

A reminder that the environment matters more than ever for Europe

The multiple geopolitical calamities, the bleak economic situation, growing migration challenges, as well as the aftershocks of the pandemic and inflation crises have caused climate and environmental protection to fade into the background. This trend is not confined to the U.S., where a particularly brazen resurgence of climate skepticism has become official doctrine.

Growing indifference to climate policy in Germany

Even in Germany, voters are losing interest. While environmental issues dominated the 2021 German election – often dubbed the 'climate election' – they played hardly a supporting role in this year's vote. Just one in four voters considered climate change among their top three concerns when casting their ballots. Supporters of the far-right AfD, the left-right-wing populist party BSW, and the pro-business FDP in particular dismissed climate policy as irrelevant.

One statistic that surprised me comes from an international survey conducted by Ipsos in April: today, only 41% of Germans think their country should do more to address climate change. With that Germany finds itself at the very bottom of the 32 countries surveyed (global average: 62%). Two years ago, this figure was still a small majority of 55%.

This shift in attitude seems to coincide with a decline in factual knowledge. For instance, 59% of Germans believe that transitioning to renewable energy will inevitably result in higher energy costs – more than in any other country. Additionally, every second German believes that electric vehicles are just as harmful to the environment as conventional cars. Here, Germany shares a top spot for climate skepticism alongside France and Poland.

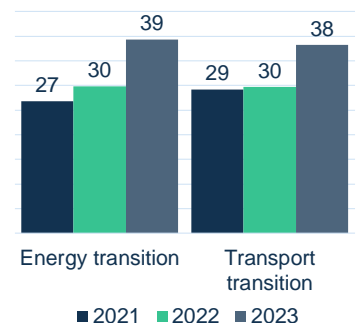
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A column with no Trump – promised!

Fig. 1: Support for climate policies declines
“Does xxx hurt the economy and prosperity?”
(% who say „agree somewhat/entirely“)



Source: Bertelsmann Stiftung, LBBW Research

More and more people in Germany also perceive a contradiction between the energy and transportation transition on the one hand and economic growth on the other (see Fig. 1).

Politicians are looking the other way, too

To add insult to injury, this lack of interest extends to policymakers as well. Not only has the [new German government](#) displayed a puzzling lack of ideas and ambition on climate issues, but Brussels was also unable to provide the UN with clear emissions reduction targets for the November climate summit. In a letter to the UNFCCC, the Commission stated that by 2035, the EU aims to cut greenhouse gas emissions by between [66.25% and 72.5%](#) compared to 1990 levels. Funnily precise, yet noncommittal!

Climate and environmental protection are no luxuries

The [report on the state of Europe's environment](#) published earlier this week by the European Environment Agency (EEA) comes at just the right time to remind us of a few hard facts. While the EEA dutifully acknowledges achievements like reductions in CO₂ emissions and improvements in air quality, the title of its accompanying press release doesn't mince words: "The state of Europe's environment is not good." The agency highlights worsening soil quality, the overuse of land due to intensive agriculture, and declining biodiversity as key concerns.

The economic costs are equally alarming. Between 2020 and 2023, extreme weather events caused annual damages in the EU of €44 billion – a figure that almost matches the annual damage of the previous three decades combined. (see Fig. 2). Less than half of these losses were insured, and many are becoming uninsurable. Alarmingly, 15% of all industrial production sites in Europe are located in flood-prone areas. Data from the reinsurer MunichRe shows a rapid worldwide increase in damages from natural disasters (see Fig. 3).

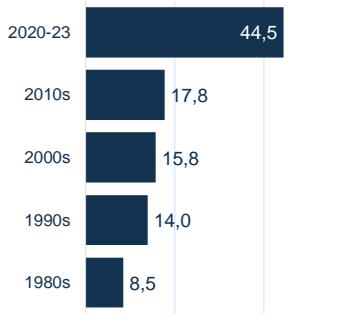
A joint report released this summer by the [OECD](#) and the UN Development Programme (UNDP) estimated that without action against climate change, global GDP could be 2.9% lower by 2050 and a staggering 13% lower by 2100. A healthy ecosystem and climate are therefore crucial production factors. Weakening efforts on climate and environmental protection will cost our children and grandchildren their future prosperity.

Turning challenges into opportunities

No continent is warming faster than Europe. All the more reason to turn these challenges into opportunities. In the coming decades, climate and environmental technologies will become a global growth sector – one that even anti-science climate deniers cannot stop. Those who develop solutions in climate technology will emerge as winners. This is why the EU must not backtrack on its climate ambitions. Europe has always been at the forefront of large-scale innovation – now we need to prove we can still lead!

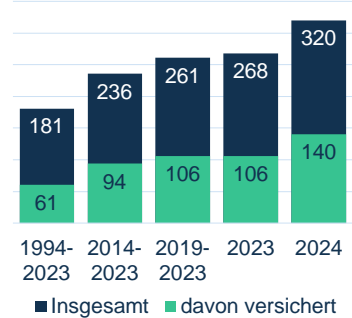
Germans are losing faith in climate policy

Fig. 2: Annual damages in EU caused by natural catastrophes (€ Billions of 2023)



Source: [EEA](#), LBBW Research

Fig. 3: Average annual damage due to natural disasters (US\$ billions, inflation corrected)



Source: [MunichRe](#), LBBW Research

Future technology: environmental engineering

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