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To the point!

Cross-Asset- and Strategy-Research

Postcard from Belém

This year's climate summit must deliver – urgently

I'm writing to you from Belém, Brazil – at the UN climate summit, COP30. Tomorrow, on Finance Day, I'll have the privilege of presenting a [study](#) in which my co-authors and I assess which innovative capital-market instruments could make the “Baku-to-Belém Roadmap” viable: starting in 2035, the world must mobilize USD 1.3trn annually to finance measures in the global South needed to keep the Paris targets on track – namely, holding global warming below 2°C.

For emerging and developing economies, securing that funding will be a tall order, given their pressing social challenges and urgent need to reduce poverty and invest in health and education services. Yet the largest growth in greenhouse-gas emissions is expected precisely in these countries. By contrast, the emissions intensity of output in advanced economies has been falling since at least the early 2000s. And available data suggests that [China](#) – thanks to a massive build-out of renewables – has already passed peak emissions.

A glaring miss: Paris is close to being lost

For all the respectable progress made by some countries in curbing emissions, the overall shortfall is stark. Recall that a decade ago governments pledged to pull every lever to keep warming below 2°C versus pre-industrial levels – ideally to 1.5°C. Last year was, yet again, the hottest on record (see Fig. 1), and for the first time the [1.5°C threshold](#) was breached on an annual basis. Climate scientists now estimate we are on course for [2.7°C](#). The consequences could be severe. And let's not fool ourselves thinking that climate change is other people's business: Europe is the continent that warms [more than twice](#) as fast as the global average.

Moritz Kraemer -- Chief Economist

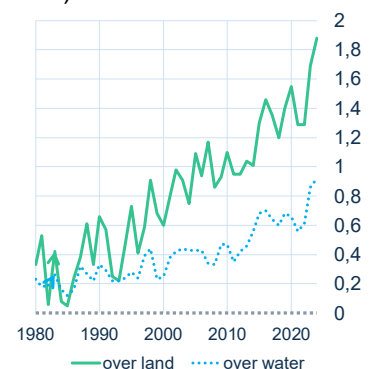
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Picture: Daniel Costa/Unsplash

Fig. 1: Global temperatures 1980-2024 (Degrees Celsius, Deviation from avg. 1951-1980)



Source: [NASA](#), LBBW Research

Complicating matters further, the world’s second-largest emitter of greenhouse gases is led by a president who flatly denies the scientific consensus on anthropogenic climate change. One of Donald Trump’s first executive actions after taking office was to pull the United States out of the Paris Agreement – again. He told the UN General Assembly that climate change was the “greatest con job ever perpetrated on the world.” The operative creed is “drill, baby, drill,” while other countries – including the EU – are strong-armed, under tariff threat, to import more fossil fuels from the U.S. Whether those imports will actually materialize or are just a scheme to calm the raging Trump is another question. That the global economic costs of business-as-usual would be immense (see Fig. 2) appears to interest Trump and his band of servile sycophants about as much as a hill of beans.

Trump: absent from the summit, omnipresent in Belém

One can only hope that post-Trump America thinks better of it and once more exits the climate-denial camp. There are encouraging signs: California’s governor, Gavin Newsom – among the favorites for the Democratic nomination in 2028 – has travelled to Belém. More troubling is Trump’s threat to slap punitive tariffs on countries that adopt more ambitious climate policies. This may be more than just empty threats. In October, at the International Maritime Organization (IMO), he proved that barking dogs do sometimes bite after all. The IMO’s 176 member states had agreed back [in April](#) to approve carbon levies on shipping – the fruit of nearly a decade of painstaking negotiations. [Trump threatened](#) smaller countries with tariffs and visa bans if they adopted the “green scam,” effectively sinking the deal.

That must not happen in Belém. The stakes are too high. Climate protection, ultimately, is the protection of us humans. The climate itself has no preference for hotter or colder. Already, the costs of climate-related natural disasters are climbing. And not only that: they are accelerating exponentially (see Fig. 3).

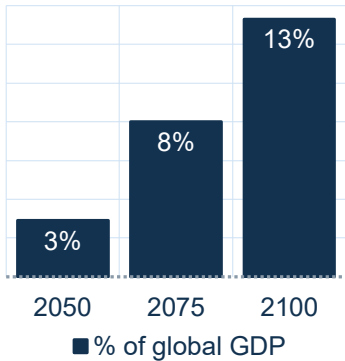
Layered atop are countless [human tragedies](#). Recent estimates suggest that, on average, one person dies [every minute](#) from the consequences of climate change. Without corrective action by the international community, the death toll will rise further. Political crises, too, often spring from climate impacts. Consider a perhaps surprising example: [Syria’s](#) spiraling civil war – and the ensuing refugee crisis – can be traced in part to multiple years of severe drought, in other words climate-related stress. Syrians knew long before that Bashar al-Assad was a ruthless dictator. What tipped the balance was famine.

As Sir Nicholas Stern famously [stated](#), climate change is the greatest market failure the world has ever seen. What this also means is that markets alone will not be able to correct the heating trends. What is needed are credible policies that disincentivize a self-defeating development model hooked on fossil fuels.

It is, quite literally, a question of life and death.

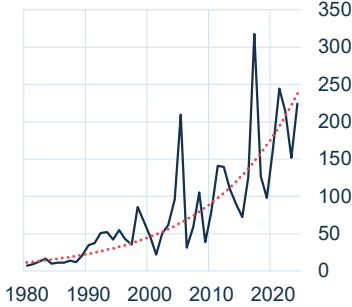
Trump as climate saboteur

Fig. 2: Loss of global GDP under unchanged climate policies



Source: [OECD](#), LBBW Research

Fig. 3: Global damage from natural disasters, 1980-2024 (Bn. USD, excl. earthquakes)



Source: [Our World in Data](#), LBBW Research

One person dies every minute because of climate change

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