

The four "Cs" of the Hamburg G20: coordination, cooperation and climate change

Diario El País (Spain)

Arturo Fraile

17 Jul 2017

The Annual Summit of the G20 took place on 7 and 8 July, chaired by Germany. There were no unexpected messages, although the intensity of the stress laid on international coordination and cooperation being key to improving economic growth and social wellbeing was remarkable. Coordination and cooperation are indispensable in the fight against climate change and fundamental for achieving sustainable development, in which the participation of the financial system is essential.

The leaders, except for the US, underlined the irreversibility of the Paris Agreement and reaffirmed their commitment to achieving its objectives together with those of the 2030 Agenda for Sustainable Development. On the one hand, this is positive, since progress continues to be made in accordance with the goals established for 2020, 2030 and 2050, and since 19 of the 20 members have kept their word.

On the other hand, the USA's exit from the Paris Agreement (effective in 2020) does not seem like good news, because: it is the world's second biggest emitter of greenhouse gases (approximately 16%) after China; it is the biggest contributor to the Green Climate Fund, which had approximately US\$10 billion committed in June (including US\$3 billion from the US, of which US\$1 billion already disbursed); and because the US walk-out may lead other countries to consider following suit.

Moreover, the Fund's forty-three member countries (Spain included) have committed to mobilising US\$100 billion a year by 2020. To achieve this requires private initiative. For the public sector, OECD projections for 2020 are around US\$67 billion. Thus there is a need to align the public and private sectors. The private sector can also play a key role in mobilising funds. For example, the banks have the necessary experience and know-how and the ability to create new sustainable financial products suited to borrowers' needs.

To boost funds mobilisation, the dissemination of financial information relating to climate change is essential, as is transparency: they contribute to better price formation (the price of CO₂ emissions is highly volatile) by helping to improve the valuation and management of the risks deriving from climate change and by facilitating better-informed decision-making on the part of investors.

In Spain, public bodies and private entities are aware of the significance of the impact of climate change and are working actively. Next week will see the launch of a process of public consultations based on the "Spain, Together for Climate" working sessions held by the Ministry of Agriculture, Fisheries, Food and the Environment with a view to proposing the Climate Change and Energy Transition Act.

This document has been prepared by BBVA Research Department, it is provided for information purposes only and expresses data, opinions or estimations regarding the date of issue of the report, prepared by BBVA or obtained from or based on sources we consider to be reliable, and have not been independently verified by BBVA. Therefore, BBVA offers no warranty, either express or implicit, regarding its accuracy, integrity or correctness.

Estimations this document may contain have been undertaken according to generally accepted methodologies and should be considered as forecasts or projections. Results obtained in the past, either positive or negative, are no guarantee of future performance. This document and its contents are subject to changes without prior notice depending on variables such as the economic context or market fluctuations. BBVA is not responsible for updating these contents or for giving notice of such changes.

BBVA accepts no liability for any loss, direct or indirect, that may result from the use of this document or its contents.

This document and its contents do not constitute an offer, invitation or solicitation to purchase, divest or enter into any interest in financial assets or instruments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

In regard to investment in financial assets related to economic variables this document may cover, readers should be aware that under no circumstances should they base their investment decisions in the information contained in this document. Those persons or entities offering investment products to these potential investors are legally required to provide the information needed for them to take an appropriate investment decision.

The content of this document is protected by intellectual property laws. It is forbidden its reproduction, transformation, distribution, public communication, making available, extraction, reuse, forwarding or use of any nature by any means or process, except in cases where it is legally permitted or expressly authorized by BBVA.