



# To the point!

Cross-Asset- and Strategy-Research

## Too little movement at the climate conference

### COP29 in Azerbaijan fails to live up to the challenge

And so they convene again. As usual this time of year, when in Germany we tend to think less about climate change and more about mulled wine or hurrying to get our winter tires on in this damp and cold weather.

But weather is not the same as climate. And this year the climate has been as extreme as never before. Once again, it will be the hottest year since weather records began (for a scary trend, see Figure 1). Catastrophic floods, droughts, wildfires, and an extreme tropical storm season have marked this year like few others. In the first half of the year, insurance losses from natural disasters were 70% above the ten-year average.

#### The 1.5-degree target is already breached

To add insult to injury, greenhouse gas emissions will also break new records in 2024. The global temperature this year is set to exceed the 1.5-degree target above preindustrial times, which the international community agreed upon at COP15 in Paris less than a decade ago. With the 1.5-degree target already breached, the 2-degree target seems increasingly unachievable—unless something changes fundamentally. The election of a climate change denier like Donald Trump as the president of the country with the second-highest emissions globally indicates that things could indeed change—unfortunately in the completely wrong direction. The urgency to act increases as support for climate action wanes (see Figure 2).

That Azerbaijan is the host of this year's climate conference and thus a crucial player to broker agreements boded ill from the outset. Depending on oil and gas prices, [up to 50%](#) of Azerbaijan's GDP comes from the extraction of fossil fuels. The fox is truly in

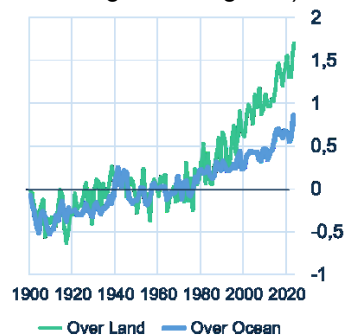
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November 22, 2024

## Temperatures and disasters: 2024 hitting records – again!

Fig. 1: Avg. surface temperature (deviation from 1951-1980, in degree centigrade)



Source: [NASA](#) (last value 2023), LBBW Research

charge of the henhouse. Just as it was last year at COP28 in the United Arab Emirates. And like over so much else right now, the ghost of Donald Trump hovers over the Azerbaijani capital Baku. As delegates pack their bags tonight, some may once again secretly be thinking that it has been a waste of time and effort. A finely crafted communiqué for the drawer may be all that remains of COP29 in Baku.

### Financing climate investments in developing countries

This inaction and stagnation, increasingly even in ambition levels, is something the global community cannot afford. Let us remember: We do not need to protect the climate. We need to protect people from the consequences of climate change. The climate, after all, is indifferent to how warm or cold it is; it will outlast us all.

One of [Baku's goals](#) was to find solutions on how to financially assist the so-called Global South in reducing its emissions and implementing climate adaptation measures. This is important because greenhouse gas emissions from poor countries are rising rapidly. In 2000, sub-Saharan African countries and South Asia together accounted for [22% of the emissions of OECD](#) countries. This share has risen to almost 50% and, at the current trend, will outstrip those of the rich world by the early 2040s. High population growth in poorer countries will see to this. Incidentally, in the northern temperate zone, we are disproportionately affected by climate change. Thus, a firm financing commitment would have been desirable, even in our well-understood self-interest. And it would have been economically efficient. Because emissions avoidance is often cheaper in poorer countries than in ours.

Maybe it will work out next year. Then the COP returns home: to Rio de Janeiro, where it all began in 1992. Hopefully, that's a good omen. Despite the return of a certain Donald Trump.

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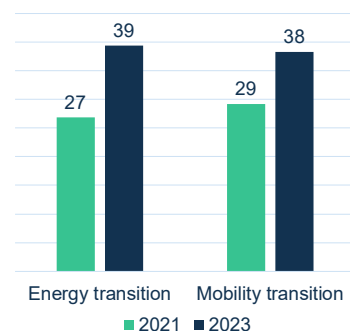
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Fig. 2: „Harmful for economy and prosperity!“



Source: [Bertelsmann-Stiftung](#), LBBW Research. Opinion poll in Germany (% of respondents answering „agree somewhat“/„agree fully“)

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## Dynamic emissions in the Global South

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You can find a blog about my proposal on how to finance emission reductions in developing and emerging countries [here](#).