

One thing that has taken me a bit by surprise is the speed at which climate change has moved front and centre in economics. By-and-large, the environment and global warming were niche issues in business and financial debate. This was even the case early in 2019. But by the end of last year this had changed dramatically – helped in no small part by a Swedish teenager who I first saw addressing a crowd in front of the Brandenburg Gate in Berlin last March. Such was Greta Thunberg’s influence in this respect that she was named Time magazine’s person of the year 2019.



Now, climate change and the environment are no longer peripheral issues as far as business and economics are concerned, and this will only intensify. We can see this reflected in public, political and economic debate in Northern Ireland. We can also see it reflected in government policy.

When the New Decade New Approach political deal was published last month, the words ‘climate change’ appeared 10 times in 62 pages and the words ‘sustainable’ or

‘sustainability’ featured 34 times. Compare that to the St Andrew’s Agreement of 2006 when climate change wasn’t mentioned at all and neither were the words sustainable nor sustainability. Even when the Northern Ireland Economic Strategy was published in 2012, climate change was only mentioned twice.

By contrast, the term corporation tax was mentioned 60 times in the 2012 NI Economic Strategy but only crops up twice in New Decade New Approach and both times relate to one specific organisation and not to lowering the overall rate.

Indeed, the term “climate emergency” was the Oxford Dictionary’s 2019 ‘word’ of the year. They said that the reason for choosing this phrase was to reflect the language of immediacy and urgency around the environment. The Guardian newspaper meanwhile updated its style guide to replace ‘climate change’ with ‘climate emergency’ to better reflect the scientific consensus in relation to the scale of the problem facing humanity.

Emotive and captivating images of everything from wildfires in Australia to melting glaciers and plastic-clogged seas has led to a domino effect of companies, cities, regions countries and even continents declaring objectives to be carbon neutral. As the EU’s chief negotiator for Brexit, Michel Barnier, told a Belfast audience last week, the EU planned to be the first continent to be carbon neutral by 2050. Supermarket giant Sainsbury is one of a series of companies to aim for ‘net zero’ as well.

We know that climate change and climate emergency have moved centre stage, but what does this mean for businesses. In short, it means threats, opportunities, as well as major change for every sector from farming to manufacturing and airlines to buses. This issue is changing consumer behaviours, reshaping industries and ultimately reengineering capitalism.

With global temperatures set to rise, scientists expect the frequency of adverse climatic events to increase too. These acute physical climate change risks include: floods, heatwaves, cold waves, droughts, wildfires and severe storms. Alongside these acute climate change events are the chronic physical affects which will materialise through the sustained shift of ecosystems over time. These stem from increased temperatures, precipitation and rising sea-levels.

These acute and chronic risks can affect companies in a variety of ways. Flooding has severe impacts such as destroying homes and infrastructure. The real estate markets in flood threatened areas risk collapse. Already around 2.4 million or 10 percent of UK properties are at risk from river and coastal flooding each year. A further 2.8m properties are susceptible to surface water flooding. Annual flood damage to properties and their contents in the UK currently amounts to around £1.3bn per year.

Flooding poses a considerable threat to the UK's agriculture industry too. By the 2050s, it is estimated that high quality horticultural and arable land is likely to be flooded once every three years. Crop failures due to flooding are estimated to cause between 9 percent -22 percent increase in food prices.

Alongside these direct impacts, there are transition effects as we move towards a low carbon economy. The car manufacturing industry is one example. With diesel cars being phased out the death-knell of the internal combustion engine has been sounded. This provides threats and opportunities as we move towards electric vehicles. Petrol and diesel fuel duties already yield around £28 billion per annum for the UK Exchequer. In a post internal combustion engine world what will make up for this lost revenue stream?

There will be opportunities too such as businesses exploiting and investing in renewable energy. We saw an example of the potential opportunity for Northern Ireland companies in

all of this in the announcement by Translink of a £4million investment by the transport provider in Wrightbus's hydrogen buses. The buses have been built by the Ballymena-based company and the hydrogen is produced by windfarm operator Energia.

Some people might not think of Edwin Poots as something of Cassandra. However, his first time as Northern Ireland Environment Minister in 2009 saw him champion the need for Northern Ireland to pull its weight to combat climate change. This was seen as something of a U-turn for the DUP, whose East Antrim MP Sammy Wilson is a well-known man-made climate change sceptic. However, Edwin Poots was clearly ahead of the curve, and his second stint with the environment portfolio will see Northern Ireland very much having to pull its weight. At least this time around his views of a decade ago have become mainstream. And I wouldn't be surprised to see his department become one of the most important in the administration in the years ahead.

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