



## Climate Profiles : Climate Germany

### Germany Climate Change Profile Part 8: "Germany Has a Huge Opportunity to Become a Role Model"

**Otto Steinmetz, Head of the Allianz Climate Core Group and Dresdner Bank's Chief Risk Officer, gives a banker's perspective on climate change and its impacts in Germany.**



**Otto Steinmetz**

Head of the Allianz Climate Core Group and Dresdner Bank's Chief Risk Officer  
(Photo: Allianz)

#### **What are your estimates of the potential economic impacts, positive as well as negative, that climate change can have in Germany?**

According to a brand new report of the German Institute for Economic Research (DIW), climate change will cause enormous extra costs for Germany in the future. In case the global mean temperature rises up to 4.5 degrees Celsius by 2100 - as predicted by the latest IPCC report in case no measures are taken - the German economy might face an additional burden of up to 800 billion Euros by 2050.

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However, climate change, as threatening as it is and as urgent as there is political action needed, also will offer some economic opportunities for Germany. As more and more jobs are being transferred out of Germany we feel the need for innovation and new technology. In the second half of the 20th century, the car industry was the growth and job engine of Germany. In the coming decades, Germany's clean technology can play this role. Now Germany has a huge opportunity to become a role model and the world leader in this technology.

A recent study of our economists shows that as much as 700,000 new jobs will be created in the clean technology sector in Germany until 2030. The volume of investments will more than six fold in the same time. Of course: climate change will have a big impact on our economy,

but we should concentrate on the upside.

### **How do Allianz employees and customers in Germany react to climate change and the recent debates about it?**

Customers and employees increasingly wonder what impact climate change will have on their businesses and on their products. Customers in the area of corporate banking for instance ask us how emission trading one day will be relevant for their company - and we help them on that matter. Other customers want to know whether we offer financing for alternative energy projects – which we do.

Employees often are surprised if they read about Dresdner Bank in the context of climate change in the media. People often do not realize how deep the bank is already involved in the political discussion and that climate change also offers the opportunity to develop business cases.

### **How will climate change affect your business?**

Climate change will definitely have a big impact on all areas of our business. Within the Allianz Group we see how hurricanes in the U.S. are a challenge for our insurance business. We see in our Asset Management how people want to invest in alternative energy projects.

At Dresdner Bank we experience that corporate customers actively manage their CO2 emissions – and we are helping them with our expertise how to position themselves in trading the respective certificates. As a bank we have our own CO2 reduction target: 28 percent by the year 2012. This shows that all areas are affected by climate change.

### **What are the risks and opportunities?**

For us climate change also involves a number of business opportunities – for instance the CO2-emission trading system. Right now we are leader in the European core market, which has a current annual volume of 20 billion Euros and which has an enormous potential worldwide. Once the CO2-trading system is implemented in other regions an sections of the economy our expertise will come in handy.

On the risks side we hope that the threat of manmade global warming is understood worldwide and that governments succeed in finding ways to solve the problem. I hope the G8 summit will give a strong signal that we need a global solution and a longterm committment

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