

# Nations must be aware of climate change cost: CEA

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Countries have to be aware of the potentially high fiscal cost of climate change and transition policies, given the uncertain pace of green energy transition, the recent supply shocks, and disruptions, said V Anantha Nageswaran, chief economic advisor (CEA).

He made this statement to the media after the third Group of Twenty summit meeting of the framework working group held in Kochi on Wednesday.

“We need to enhance our understanding of the different circumstances that countries face, so that we can come up with tailor-made responses for each country, drawing from global experiences,” the CEA said.

The group also discussed the implications of financial globalisation — the free movement of finance and the liberalisation of the financial sector across the world.

“We discussed how to prepare ourselves to handle financial capital that will be seeking investments in India and the Global South. This is a broad agenda of this topic of financial globalisation. We initiated it in our Presidency,” said Nageswaran.

The framework working group is a dialogue group on assessing economic risks arising out of policies followed by countries and shaped by global events and developments.

Nageswaran said it may not be possible to accomplish the three goals of becoming net zero, economically competitive, and fiscally sustainable. “Even developed countries are beginning to appreciate the complexity of dealing with this issue... We may also have to wind down some of the fossil fuel assets that will create its own cost as well,” he added.

He said that there was a need to estimate the resource requirements and most of it would come from domestic sources, provided there is domestic economic growth as well.