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Saving multiple crises the right way

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There is currently a never-ending news flow about the indescribable human suffering in Ukraine that is complemented by turbulences on the energy markets and negative economic forecasts. The strong degree of dependence on fossil energy carriers like natural gas and crude oil has had devastating effects on various levels. This has also further fuelled the climate and biodiversity crisis, as the World Climate Council has only recently pointed out again. As the Intergovernmental Panel on Climate Change (IPCC) warned in a status report, "Any further delay of concerted, forward-looking, global measures aimed at adjusting and mitigating [the climate crisis] increases the risk of missing a short and closing time window that would allow us to ensure a sustainable future worth living in."

In this context, it is up to politics, the economy, and society to develop the right answers to the linked causes and effects of these multiple crises. In addition to extending immediate solidarity to those affected by the Russian war of aggression, it is the EU and its member states in particular that have to quickly reduce the dependency on fossil energy carriers. What we need to heed the tenets of climate protection, nature conservation, and energy security is wholistic responses instead of short-sighted pseudo-solutions. The latter would create new dependencies that would be environmentally harmful and geopolitically dubious, much like, for example, the expansion of liquid natural gas supplies from the Arab region or relying on the highly risky technology of nuclear power.

1. Saving energy and using it more efficiently

The reduction of the excessive energy consumption in Europe and Austria has first priority, in combination with an increase in efficiency. To this end, we need a profound rethinking when it comes to the use of fossil fuels: domestic heating, retrofitted insulation, and traffic hold enormous potential that could be realised quickly if the politicians provided the framework. So far, these key areas have seen major shortcomings. Effective countermeasures have been delayed for too long. Companies, too, have to improve their climate strategies and fully tap into the savings potentials in their sphere along their value chain on the basis of scientific criteria. In addition to the political and the corporate realm, every single one of us can contribute to saving energy – this includes the right choice of energy-saving devices, the efficient use of said devices, the adjustment of electricity and heating operations, the (subsidised) insulation of buildings, and the general rethinking of consumer decisions.

2. Relying on energy that was produced from renewable sources and in an environmentally sound way

The recent IPCC report clearly illustrates that climate and environmental protection have to go hand in hand. Therefore, renewable energy has to be consistently expanded along the lines of obligatory criteria of environmental protection. Here, too, the right overall concept and a differentiated approach are key: whereas for example, hydroelectric power is already very well established in Austria, the photovoltaic sector still has a lot of upward potential. At the same time, the tax system has to be reformed with a keen eye on the environment, and fossil subsidies have to be abolished.

3. Realign the financial market and reform the Taxonomy

The financial market also plays a crucial role in energy transformation. The question of how we can act sustainably, what projects we finance, and from what dependencies we should liberate ourselves is highly relevant. Here, we do not only need clear legal guidelines, but also climate-friendly and environmentally sound investments to the tune of billions. This makes a scientifically based EU Taxonomy even more important. In contrast to current plans, neither natural gas, which is harmful to the climate, nor the unsafe nuclear power can be declared sustainable. This kind of greenwashing would thwart the achievement of the 1.5-degree target of the Paris (climate) Agreement and delay a real transformation. Also, the Russian aggression in Ukraine is clearly illustrating the potential downside of nuclear power.

Conclusion

In the coming weeks and months, the governments across Europe have to take the kind of fundamental decisions towards an environmentally sound energy transformation that have been delayed for far too long. Instead of repeating mistakes of the past, a climate- and environmentally friendly route has to be taken. Companies and their stakeholders are also called upon to review their climate strategies, reconfigure their strategic cornerstones, accelerate the implementation and adjust their communication. The goal here is an effective, scientifically based

climate strategy with a sustainable financial market that drives it.

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