

Foreword

Governments around the world are striving to re-ignite growth in their economies while reducing widening inequalities. At the same time, they are working hard to implement the climate goals agreed by the global community under the Paris Agreement. These challenges are not mutually exclusive. We have a unique window of opportunity to bring the climate and economic growth agendas together and to generate inclusive economic growth in the short term, while ensuring that we meet the climate challenge in the longer term.

Investing in Climate, Investing in Growth lays out the case for governments to pursue an integrated policy approach that combines climate action with fiscal initiatives and structural reforms. It is clear from the report's analysis that countries can achieve strong and inclusive economic growth while reorienting their economies towards development pathways with low greenhouse gas emissions and high resilience to the effects of climate change. The report sees potential to increase long-run output by up to 2.8% on average across G20 countries in 2050, with a net effect of nearly 5% if mitigated climate impacts are taken into account. Importantly, growth impacts are positive in the near-term too: the report sees potential for a net GDP effect of around 1% for G20 economies by 2021.

However, it is also increasingly clear that meeting the Paris Agreement's goals will require countries to step up ambition, enhance co-operation across borders and strengthen domestic policies and implementation on the ground as a matter of urgency. Moreover, there is a need for governments to take immediate action. The decisions that we take now on key issues such as infrastructure and the structure of our economies will be critical in ensuring a longer term future that enhances rather than diminishes well-being. Proactive, forward-looking policies to facilitate a just transition for affected businesses and households will also be vital to ensure that reform is inclusive, progressive and good for business, particularly in vulnerable regions and communities.

This report has been produced in the context of the German G20 Presidency, which has placed climate squarely on the G20 agenda in recognition of the fact that the growth and climate agendas are mutually supportive. Indeed, adopting an inclusive, low-emission and climate-resilient growth agenda is an opportunity to reorient G20 growth objectives as the group's 2014 Brisbane commitment to 2% growth nears its end in 2018.

The OECD is supporting countries, developed and developing, to create more effective policy approaches to address the growth, inclusiveness and climate challenges in a holistic way. For OECD member countries, it will not be easy to achieve the transition from carbon-intensive to low-emissions economies while seeking to re-ignite growth. For partner economies, the challenge is to avoid locking in emissions-intensive development paths while pursuing growth and development opportunities. Our report shows that there are significant benefits to an integrated approach to the climate and growth challenge.



Angel Gurría
OECD Secretary-General

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