

CHART OF THE WEEK

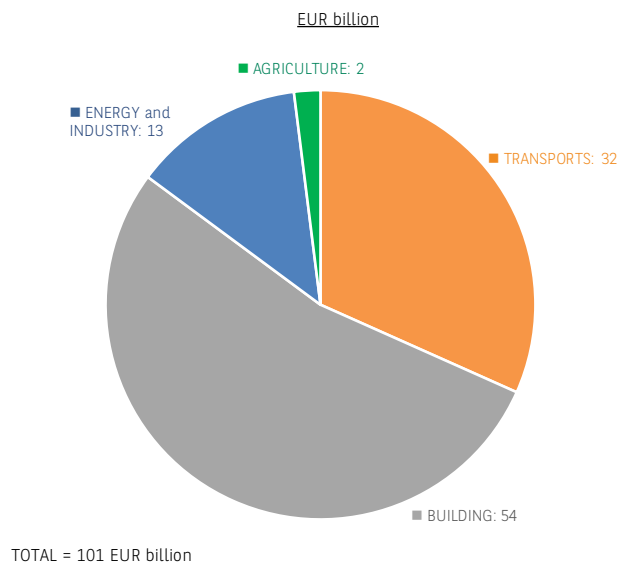


27 September 2023

FRANCE: 66 BILLION FOR THE ECOLOGICAL TRANSITION, WHAT ARE WE TALKING ABOUT?

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France: gross annual additional cost of ecological transition



Source: France Stratégie rapport Pisani-Mahfouz, BNP Paribas

Since its publication last May by France Stratégie, the “Pisani-Mahfouz” report on the cost of ecological transition in France has been the subject of numerous, sometimes imprecise comments. For example, the main quoted figure of EUR 66 billion does not refer to the investment required for decarbonization, but to a net additional financing requirement. Explanation.

France Stratégie estimates that, by 2030, meeting France’s climate commitments will require additional investment of some EUR 100 billion each year, in green energies, thermal insulation of buildings, infrastructure deployment, etc. These figures are at constant 2023 prices, compared with a “no action” reference scenario. By 2021, according to the I4CE institute, climate investments (public and private) had already reached EUR 84 billion, or 3.4 points of GDP. Maintaining this ratio, the existing figure would be around EUR 95 billion in 2023¹. An additional EUR 100 billion would therefore, at the very least, double the effort, bringing it to around EUR 200 billion per year by 2030.

As France already benefits from low-carbon energy and industrial production thanks to nuclear power, the additional gross investments required are essentially divided between two sectors: the automotive industry and buildings (see chart). France Stratégie estimates that a third of this will be covered by reallocations away from “brown” energies (divestments in the gasoline and diesel sectors, for example). The “net” annual effort, which corresponds to the additional financing required between now and 2030, is finally estimated at EUR 66-67 billion, the famous reference figure. In the France Stratégie report, the effort would be shared equally between the private sector (companies and households, for EUR 33 billion) and the State (for EUR 34 billion).

¹ Taking a 5.9% increase in nominal GDP. See: I4CE (2022), Panorama des financements climat, October.

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