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The energy transition: an investment in economic resilience

Climate talk OeNB

DeNederlandscheBank

EUROSYSTEM

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NGFS: Network for Greening the Financial System



- Founded in 2017 by **8 central banks and supervisors** (BdF, BoE, DNB, Swedish FSA, MAS, PBoC, Banco de México, and Bundesbank).
- >170 members and observers
- **Purpose:** making the financial system more resilient to climate- and nature-related financial risks.
- **Develops** short- and long-term **climate scenarios and provides practical guidance** for central banks and supervisors.

Fossil fuel price shocks are increasingly a macroeconomic risk

Recent developments have **heightened uncertainty in global energy markets**, pushing up oil prices and raising **concerns about the broader macroeconomic and fiscal implications**.

↑ Inflation

1.7% → 3.8% in euro-area headline inflation from Jan to Sept 2022, following the energy price shock triggered by the Iran war ([Eurostat](#)).

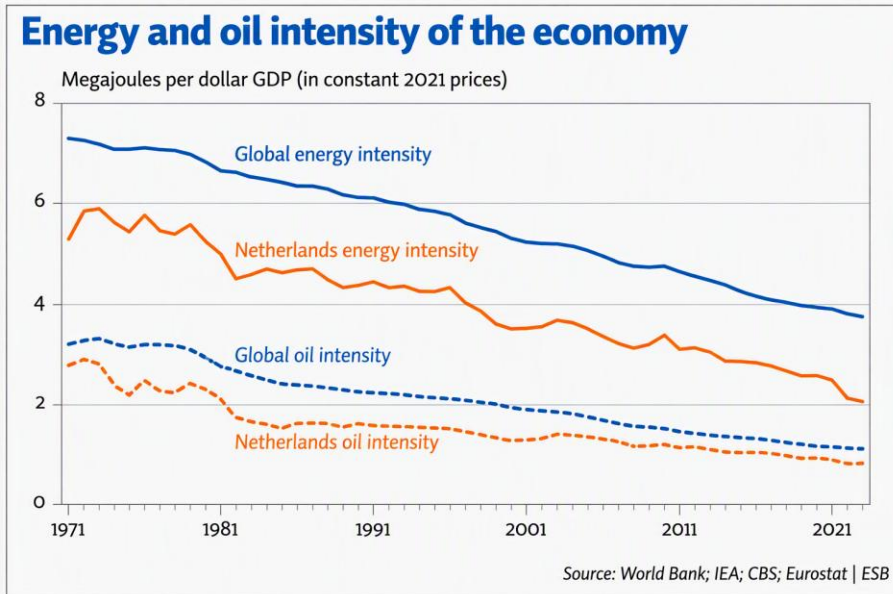
↑ Fiscal costs

€195bn in EU temporary subsidy instruments in 2022 ([EU Commission, 2023](#)), for 2021-2023 estimates range up to **€540bn** for the EU ([Bruegel, 2023](#)).

Lower oil dependence is already cushioning the impact of energy shocks

↓ Oil-intensity ↓ Vulnerability

- Relatively limited impact on growth and inflation by war in the Middle East
- The Dutch economy is around 70% less oil-dependent than in the 1970s.
- Lower dependence means lower vulnerability to oil price shocks ([van den End et al., 2026](#))



The transition further reduces exposure to energy price shocks

Fossil fuel price shocks reduce economic growth: In a decarbonized economy, **a doubling of fossil fuel prices would hurt EU growth only about half as much** ([EC, 2024](#)).



Implementing the European mitigation agenda is estimated to **reduce the inflationary impact of future fossil fuel price shocks by 40%** ([IMF, 2026](#))

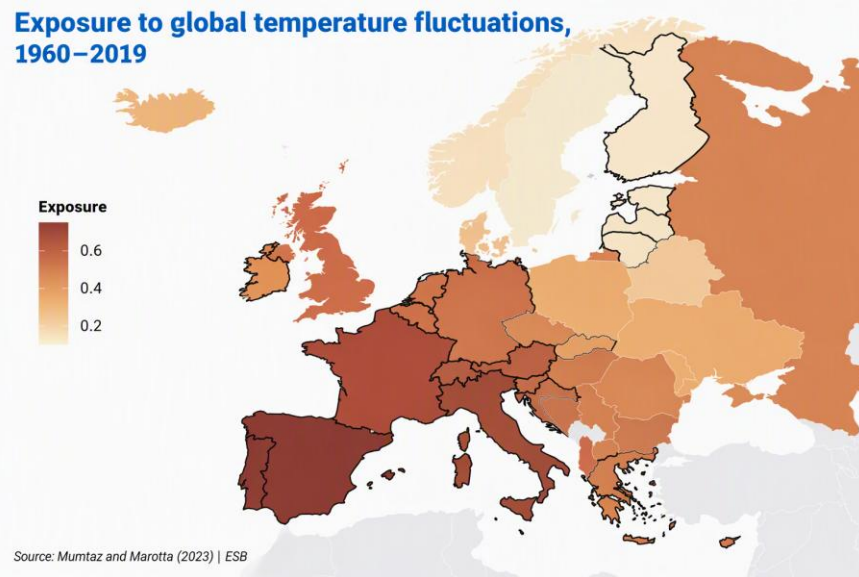
Climate change itself is a macroeconomic risk

↓ Economic output

A permanent 1°C rise in global temperature could reduce long-run global GDP per capita by >20% ([Bilal et al., 2026](#)).

↑ Inflation

Global temperature shocks can raise euro-area inflation by ~ 1 pp, peaking after three years ([Bonam & Marotta, 2026](#)). Effects are stronger in more exposed Southern European countries, reaching +>2 pp. Inflation.



The transition can strengthen energy security & strategic autonomy

The transition can **increase resilience** by combining system **flexibility**, **renewable generation** and **diversification** across fuels, technologies and suppliers.

↑ **ENERGY SECURITY & STRATEGIC AUTONOMY**

- More resilient to supply disruptions
- Less dependent on single points of failure

→ An IEA analysis ([2024](#)) on **Ukraine** illustrates these potential **benefits**.

The transition also supports growth and lowers energy costs

↑ ECONOMIC GROWTH

Clean energy investments accounted for nearly **1/3 of EU GDP growth in 2023**, compared to 10% globally, the highest share of any region assessed ([IEA, 2024](#)).

↓ ENERGY COSTS

€29bn saved by renewables in wholesale electricity costs in early 2026 ([EEA, 2026](#)), supporting European competitiveness by reducing exposure to volatile gas prices.

Policy: from shock compensation to resilience

Build resilience: Use limited fiscal space to reduce exposure to future climate, energy and geopolitical shocks.

Provide policy certainty: Stable, credible and clearly communicated policies support confidence, investment and economic activity ([DNB, 2025](#)).

Target temporary support: When intervention is necessary, protect vulnerable households and viable firms without weakening incentives to adapt