

Trump's decision: a chance for Climate!

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The President of the United States of America, by the popular vote is one of the most contentiously elected in history, has decided to honor one of his most unpopular campaign promises by committing the United States to exit the Paris Climate Agreement. This decision is an affront to humanity, American citizens foremost, a historical about-face, and an economic error. Paradoxically, we see in this largely symbolic announcement an opportunity to accelerate the transition to a low carbon economy.

Above all, fighting climate change is all about caring for our fellow man. Our planet will survive the climatic disruptions, but it still remains necessary to remind showboating, power-hungry cynics of the risks inaction poses to mankind. How many climate refugees will there be, unstoppable by any wall? Deaths from longer, more intense heatwaves? People affected by the loss of agricultural yields? The list is long; it represents the very likely set of risks we will face. While some may try to reassure themselves by monetizing these impacts, claiming they are no worse than the financial crisis we are currently emerging from, the reality is unfortunately simpler: we are on a climate trajectory heading straight towards an upheaval so severe that it is yet unbeknownst to humanity, the consequences incalculable. The greatness of America is decidedly in the wrong hands.

History will remember this as an immense error committed by the oldest-ever President of the United States. But his predecessor, one of the youngest presidents, will leave a much longer-lasting and farther-reaching legacy. He committed his country to this agreement and his immediate reaction demonstrates that his vision lives on: the Trump administration cannot and will not end the story. No matter whether in California or Texas, citizens, businesses, and researchers are on the move and nothing will stop them. The Stone Age did not come to an end because of a lack of stones, nor did stagecoaches disappear for a lack of horses. Alternative solutions to burning fossil fuels flourish and future patents will be stronger than past decrees.

How can we explain such blindness? "The economy, stupid"! Current transformations are perceived as a threat to turnover and therefore jobs in energy and energy-intensive industries. Bereft of the promises of a long-term, happy globalization that ignores their short-term living conditions, it becomes easy to exploit these fears of transformation among the middle and lower-income classes. And, if the former boss of Axa, one of the world's largest insurers, is correct when he says that a world at + 2 ° C may still be insurable but that a world at + 4 ° C is likely more so, it renders futile the hope that avoiding financial crises more serious than the subprimes in 2008 will reassure those afraid to lose their jobs tomorrow. Will we be trapped by our preference for the present, like the inhabitants of Easter Island who have chopped to their very last tree? Will we sacrifice our future economic prosperity to our present gluttony? We do not think so. Like the new French president, we believe the ecological transition is an

opportunity to correct current excesses, create new jobs, re-link urban, peri-urban and rural territories - in short, restore meaningful economic policies.

How does this affect investors? First, let us state the obvious: they feel affected! After all, the main news about the US and climate this week may not be Trump, who did not heed the advice of his secretary of State, the former CEO of Exxonmobil. Instead, perhaps we should take a look at Exxonmobil's stakeholders, who just voted 62% in favor of a resolution supporting better disclosure of potential climate impacts and, more importantly, on the impacts of the company's current transition.

Then, as wise and patient investors, what should we expect from Trump's announcement? It should be noted that the decision is mostly symbolic; from a legal perspective, the US cannot pull out of the agreement before the next presidential election. That said, the Paris Agreement is also not binding and no one expected that the Trump administration would implement supporting measures. Those who thought Trump would favor oil companies and coal plants must soon face reality: these industries are already suffering from overcapacity, hindering their prices and profitability. The development of new infrastructures like the Keystone pipeline will not help either. So, we are still confident that further investment in renewable energies and energy efficiency will win out in terms of profitability. Since situation is no longer uncertain and we have learned to expect no further from this administration, we believe that Trump's announcement will revitalize citizens, entrepreneurs, and researchers. And surely no contradiction will come from Elon Musk, CEO of Tesla, who will be able to make a better use of the time on his hands after resigning from the President's Council. Ironically, we are more optimistic today than we were yesterday!

To conclude, while we agree with the approach adopted by the Exxon stakeholders, we also empathize with them. We will keep using our investors' savings for projects and companies investing in the future, rather than those desperately trying to defend compromised income streams.

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