

## Will environmental awareness increase after the COVID-19 pandemic?

One of the positive consequences of the mobility restrictions imposed to curb the spread of COVID-19 has been a reduction of more than 5% in global greenhouse gas emissions. However, in order to comply with the Paris Agreement and thus limit global warming to less than 2°C relative to pre-industrial levels, it would be necessary to maintain a rate of emission reduction over the next few years similar to that seen in 2020, which has been the result of an exceptional situation. Given that the reduction in emissions in 2020 has occurred at the cost of a drastic fall in economic activity which has worsened living conditions, it is desirable that other factors should be the driving forces behind the fight against climate change in the future.

These other factors include the energy intensity of GDP (i.e. how much energy is consumed for every euro of GDP produced in an economy) and how polluting each unit of energy is. The steps for reducing greenhouse gas emissions must be aimed at decoupling economic growth from the consumption of natural and energy resources, as well as at producing cleaner energy. In recent years, both factors have been key to reducing greenhouse gas emissions in many regions of the world and helping to contain the growth of global emissions. Will these dynamics accelerate in the post-pandemic world, allowing us to achieve the targets of the Paris Agreement in the medium term? In particular, will the COVID-19 pandemic provoke a change in consumer preferences?

### Greenhouse gas emissions explained



### Climate change continues to be a source of concern despite COVID-19

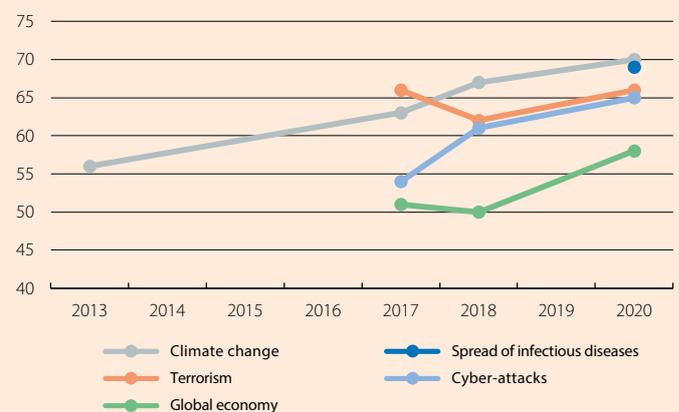
Concern about climate change has been on the rise in recent years and, following the COVID-19 outbreak, not only has it not diminished, but it has continued to grow. In fact, 70% of participants in a global Ipsos survey conducted last spring consider climate change to be at least as serious a crisis as that caused by COVID-19. Moreover, for the second consecutive year climate change is the biggest concern in countries participating in the Pew Research survey, even ahead of the pandemic or the state of the global economy, and the percentage of respondents who see it as a threat now stands at 70% (67% in 2018).<sup>1</sup>

If we look at the details of this survey by country, we see that concern is greatest in Europe: in 7 out of the 9 countries surveyed it is the biggest concern, while in the other two it comes second. In the US, in contrast, it ranks fifth, behind the spread of infectious diseases, cyber-attacks, terrorism, and the use of nuclear weapons. There is also a positive correlation between the countries where this concern has increased the most since 2018 and the impact of the virus, measured by deaths per 100,000 inhabitants.

As a result of the COVID-19 pandemic, heightened environmental awareness has been amplified by the perception of the benefits of living in a cleaner world. The reduction in pollution during the weeks of full lockdown allowed many citizens to see first-hand the increased quality of life and well-being that comes with breathing cleaner air. In this regard, a study conducted in China shows that, in cities that experienced the greatest reduction in air pollution during the wave of coronavirus in February and March 2020, citizens' interest in environmental issues increased to a greater extent and more measures considered green were adopted in the following months.<sup>2</sup>

### World: perceived threats to society

Percentage of the population that considers... as a threat to their country



Source: CaixaBank Research, based on data from Pew Research.

1. In a survey by the European Investment Bank, which is more focused on short-term threats, the challenge of climate change lies behind the COVID-19 pandemic and the economic and financial situation.

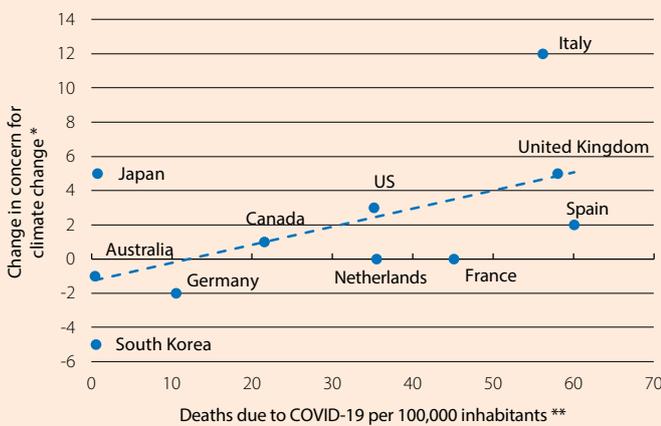
2. See M.E. Kahn *et al.* (2020). «Clean Air as an Experience Good in Urban China». National Bureau of Economic Research.

## Changes in consumption as a result of COVID-19

Beyond the changes in consumption patterns observed during the weeks when the pandemic limited social interaction, the COVID-19 pandemic may serve as a catalyst for changing some consumption patterns that could impact the environment in the medium and long term. On the one hand, the heightened perception of the risk of climate change after having lived through the pandemic could influence people's desire to consume goods and services more responsibly. In particular, consumers could increase their preference for local products, which would help reduce emissions from transportation. This is suggested by the result of a survey conducted in Germany by Deloitte, in which 28% of participants say that in future they will purchase local products more frequently than prior to the pandemic, compared with 68% and 4%, respectively, who would not change or would reduce their consumption of local products. However, while this is a step forward, some studies indicate how this rise in local consumption will have a relatively modest contribution to reducing greenhouse gas emissions, as the pollution generated by transportation in the food industry, for instance, is not very high.<sup>3</sup>

Another transformation of consumption patterns that has been accelerated by the COVID-19 pandemic is the increase in e-commerce, which was particularly marked in Q2 2020. Once the mobility restrictions were eased, retail sector purchases carried out online remained well above those observed in 2019, suggesting that the COVID-19 pandemic will have a persistent effect on consumption patterns.<sup>4</sup> However, it is not clear in which direction a potential increase in online consumption would affect the fight against climate change, as the change in greenhouse gas emissions will depend on the delivery method used in online purchases. As an example, receiving products purchased online directly at home is more polluting than traditional retail given that, in the final step of the distribution chain, the delivery of the order from the last distribution point to the buyer (last mile delivery) results in a journey undertaken in a polluting means of transport. In contrast, with a system in which the distribution is carried out at a centralised collection point, greenhouse gas emissions are reduced compared to the two previous cases.<sup>5</sup>

### Change in concern for climate change and impact of COVID-19



Notes: \* Change between the 2018 Pew Research survey and that of the summer of 2020.

\*\*Prior to 9 June 2020.

Source: CaixaBank Research, based on data from Pew Research.

Thus, the COVID-19 pandemic has helped raise awareness about climate change, opening up a window of opportunity for the consolidation of changes in consumption patterns that could help combat this phenomenon. On the other hand, this heightened awareness has also reached the corporate world, either through pressure from customers or due to the awareness of firms' own managers, shareholders or workers. The pandemic could thus lead companies to act in a more environmentally sustainable manner. Furthermore, there is mounting evidence that financial profits are not necessarily at odds with responsible behaviour: in 2020, companies with higher ESG ratings performed better than the overall indices.<sup>6</sup> Finally, as we shall see in the article «[The green recovery](#)» of this same Dossier, there is no doubt that the COVID-19 pandemic will be a catalyst in the fight against climate change through more ambitious public environmental policies.

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3. See J. Poore and T. Nemecek (2018). «Reducing food's environmental impacts through producers and consumers». *Science*, 360(6392), 987-992.

4. For more details, see the article «[The awakening of e-commerce in the retail sector](#)» in the MR12/2020.

5. See S. Shahmohammadi *et al.* (2020). «Comparative Greenhouse Gas Footprinting of Online versus Traditional Shopping for Fast-Moving Consumer Goods: A Stochastic Approach». *Environmental Science & Technology*, 54(6), 3.499-3.509.

6. An S&P 500 sub-index which groups together companies that meet a minimum set of ESG criteria had a 1.4% higher profitability than the S&P 500 index as a whole last year. ESG stands for environmental, social, and governance.