

Economic Impact of Climate Change Climate change poses significant threats to global economies, affecting various sectors and leading to substantial financial losses. This highlights the severe economic ramifications of unchecked climate change on a macroeconomic scale ⁶. **Inequality in Impact:** The economic burden of climate change is not distributed evenly; poorer nations that contribute least to greenhouse gas emissions are expected to suffer the most significant losses. In contrast, limiting the increase to 2.8°C could reduce this cost by \$224 billion ¹. **Increased Energy Demand:** As temperatures rise, energy demand will increase due to higher cooling needs, while the reliability of power generation may decrease due to climate-related disruptions ¹. **Long-Term Economic Growth** **Income Reduction:** Research predicts that climate change could reduce average incomes globally by nearly 20% over the next 26 years. This exacerbates existing inequalities and hampers development efforts in these regions.