

# Climate Confidence Monitor

## 2010

# Climate business opportunities

“HSBC foresaw very early on the significance of climate change and its global impacts and has been active in seeking to contribute to a greater understanding of the issue and its implications...”

“This fourth annual HSBC Climate Confidence Monitor is another key contribution to that process, providing valuable insight into consumer perceptions of the issue.

Climate change from unabated emissions of carbon dioxide and other greenhouse gases poses a growing risk to people and the planet. Much of the direct impact will be felt in the emerging markets as they are the most exposed to significant physical risks from sea level rise, storms, droughts, and changes in rainfall patterns and river flows. So it is perhaps unsurprising that our global survey found that levels of concern about climate change are highest in these countries.

There is good reason to be optimistic about the benefits of sustainable economic development. Strong national and global policies that provide incentives for investment in clean technology, price fossil fuels in ways that reflect their true economic and social costs, and assist consumers in using energy more efficiently, have the potential to unleash a significant pool of investment. This can, and should, serve as a powerful engine for a new era of economic growth. We should be in no doubt that the transition to sustainable low-carbon growth over the next two to three decades will be full of innovation and dynamism. The advances required in nearly all sectors of the economy – from energy transmission, transport, construction to retail packaging – promise to be as transformational for society as the advent of electricity, railways and refrigeration.

We cannot deny that, given past and continuing emissions, some climate change is occurring and will continue to occur. It is important, therefore, to anticipate the changing risks and to find ways to invest in adaptation, such as flood defences or irrigation, and to create the appropriate insurance.

There is a significant role for the financial sector to drive change and unlock this innovation. Indeed, this year’s survey results show a clear desire among consumers for businesses to invest more resources in tackling climate change. Investment has already begun, and HSBC’s Climate Change Centre of Excellence recently forecast a tripling of the low-carbon energy market to US\$2.2 trillion by 2020. Emerging markets are likely to see the largest share of investment in low-carbon innovation – possibly as much as 70% of the total. The ‘green race’ has begun; and it will be innovative, creative, and productive.

HSBC, with its global network and local knowledge is in an unique position to raise awareness and connect businesses, NGOs, policymakers and consumers around the globe. Now is the time to work together, not just to mitigate the risks posed by climate change, but also to seize the opportunities the low-carbon economy will bring.”

### **Lord Nicholas Stern**

*Chair of the Grantham Research Institute on Climate Change and the Environment, LSE and Special Advisor to HSBC’s Group Chairman on Economic Development and Climate Change*

Awareness of climate change is almost universal, with a mere 3% of respondents to our survey claiming never to have heard of it. But it remains a difficult concept to understand and means very different things to different people.

The cover of this report attempts to capture some of those differences. It displays the answers people gave when asked to say what image first comes to mind when they think of climate change. The coloured boxes are sized in proportion to the number of times a theme was mentioned by people across the globe. Whilst a huge number of people cited temperature increase and melting ice-caps, it is worth taking a moment to absorb the variety of other responses. These range from loss of bio-diversity, drought and floods through to politicians, movies and the iconic polar bear.

### **About the research**

The Climate Confidence Monitor research was conducted by Lightspeed Research on behalf of HSBC. The format was an online survey of a total of 15,000 consumers in fifteen countries whose populations make up over 50% of the global total. The countries surveyed were: Australia, Brazil, Canada, China, France, Germany, Hong Kong SAR, India, Japan, Malaysia, Mexico, Singapore, UK, USA and Vietnam. Japan, Singapore and Vietnam were included in the survey for the first time this year. Fieldwork took place between 25 August and 10 September. A difference of less than two percentage points is not significant in this study.

# Climate change is consistently a top concern...

The results of the fourth Climate Confidence Monitor, commissioned by HSBC, show that climate change is one of the top three concerns for people across the world.

## On a par with other global issues...

Climate change has consistently been among the major issues people worry about in each of the past three years, evoking a similar level of concern to global economic stability, terrorism and violence in everyday life (Figure 1).

People living in emerging economies show the highest levels of concern and this is rising again, having been overshadowed in previous years by worries about global economic stability.

Asia is the world's most concerned region, with people in Vietnam and Hong Kong ranking climate change as their number one concern – 30% and 25% respectively (Figure 2).

In contrast, in the US, UK and France, fewer than 10% of people felt it was the single most important issue.

It is clear that local factors affect perceptions about climate change and its importance. During 2010, concern about the economy dominated in the US whereas in India, one year on from the Mumbai attacks, terrorism is currently ranked as the most important issue.

Similarly local factors may have affected results in Mexico where, last year, climate change was ranked as the top issue but this year violence in everyday life is seen as more pressing.

## ...And a priority for public spending

Another way of gauging the extent to which climate change is seen as a serious issue is to look at the importance people attach to climate change as a priority for public spending.

Globally, the top priority for spending public money raised through

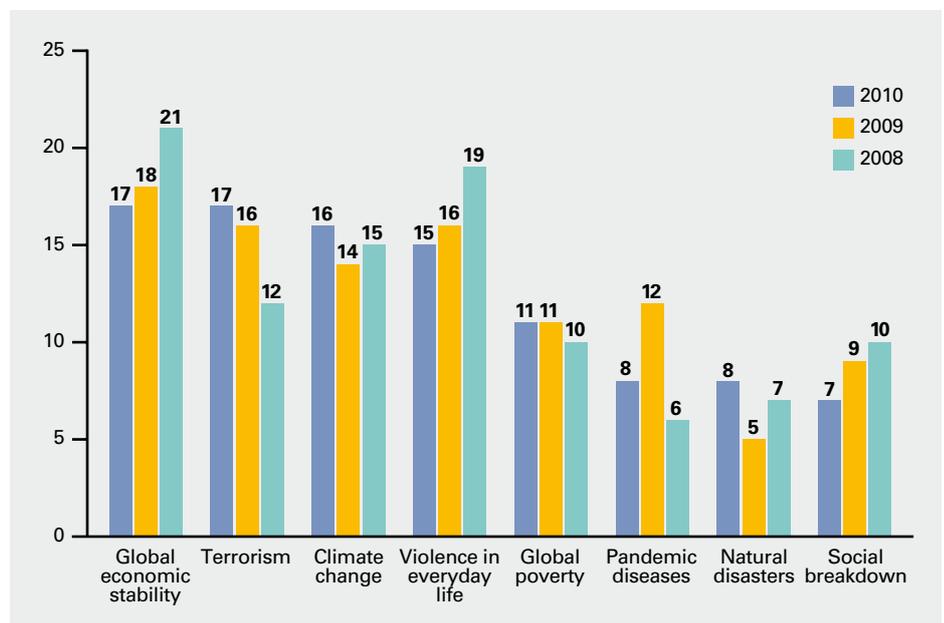


Figure 1. Climate change as a top concern 2008-2010. Global percentage ranking each issue as their top concern.

	Avg	AU	BR	CA	CN	FR	GE	HK	IN	JP	MA	MX	SG	UK	US	VN
Global economic stability	17	15	6	19	25	8	8	22	8	40	14	15	28	18	31	5
Terrorism	17	19	9	15	5	21	22	7	42	5	18	14	22	23	22	17
Climate change	16	13	14	18	17	9	15	25	15	28	13	15	12	8	6	30
Violence in everyday life	15	26	32	18	4	21	10	6	8	3	14	29	4	21	17	6
Global poverty	11	9	22	12	5	21	20	8	14	4	4	16	5	10	6	8
Natural disasters	8	4	7	6	19	6	11	11	6	10	11	5	9	3	5	13
Pandemic diseases	8	5	8	6	15	7	3	16	5	5	12	3	15	4	4	18
Social breakdown	7	9	3	7	10	6	12	5	2	5	14	3	4	13	9	4

■ Indicates top ranked issue in each country

Figure 2. Climate change as a top concern. Percentage ranking each issue as their top concern in 2010 by country.

taxes is healthcare. However, people believe that government investment in tackling climate change is at least as important as tackling crime, funding schools and universities, and supporting the national economy.

# Emerging economies shine amid climate change gloom

Unsurprisingly, given the local variation in levels of concern about climate change, there are also important differences in people's confidence that it is being tackled across the fifteen countries surveyed.

The global picture depicted in Figure 3 shows a small increase in concern since 2009, and fairly static levels of confidence and commitment. Since 2007 there has been a significant decline in overall optimism that climate change will be stopped. The local picture is examined below.

## Concern

Broadly, levels of concern are greatest in emerging economies and lowest in more developed markets.

On average 38% of people strongly agree that climate change is amongst the biggest issues they worry about. This ranges from 57% in China to 16% in the UK (Figure 4).

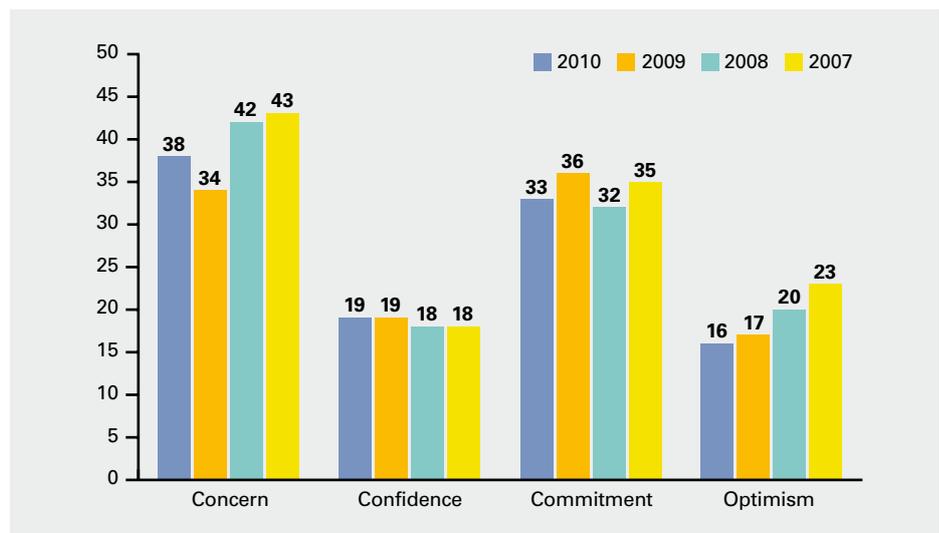
## Confidence

People are increasingly pessimistic about the scale of the challenge and the commitment of governments and others to tackling it. Only one in five people are confident that key stakeholders are doing what they should.

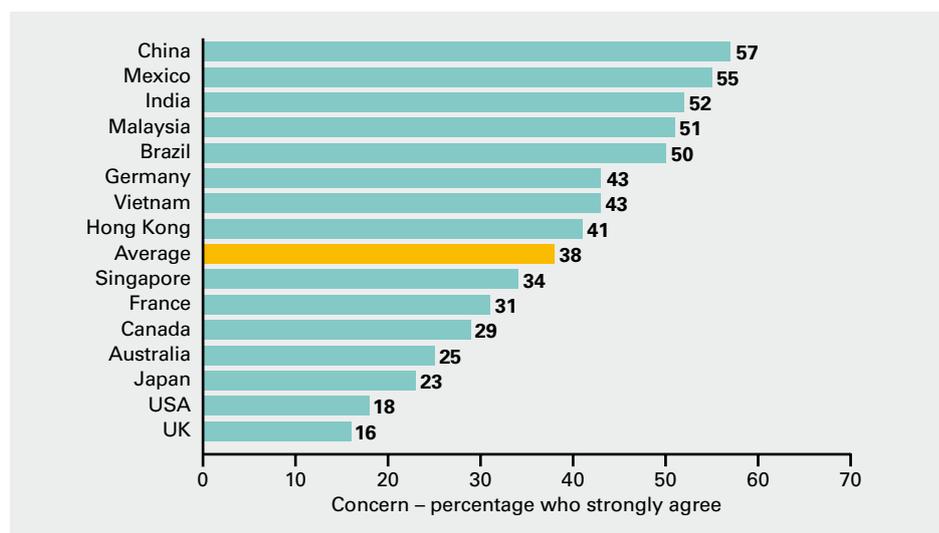
Here again, there is a marked contrast between attitudes in different parts of the world. Developed economies in the West, such as France, the US and the UK, are the most pessimistic, with fewer than 10% agreeing that climate change is being addressed. People living in Asia have a more optimistic outlook. In China 58% feel action is being taken and in Hong Kong and Malaysia the figure is 36%. Japan is the notable exception at a mere 3% (Figure 5).

## Commitment

Those who are most optimistic about tackling climate change are not just



**Figure 3. Global trends in levels of concern, confidence, commitment and optimism.** 9 countries in 2007; 12 in 2008, 2009; 15 in 2010. 6+7 on a scale from 1-7 where 1 means 'strongly disagree' and 7 means 'strongly agree'.



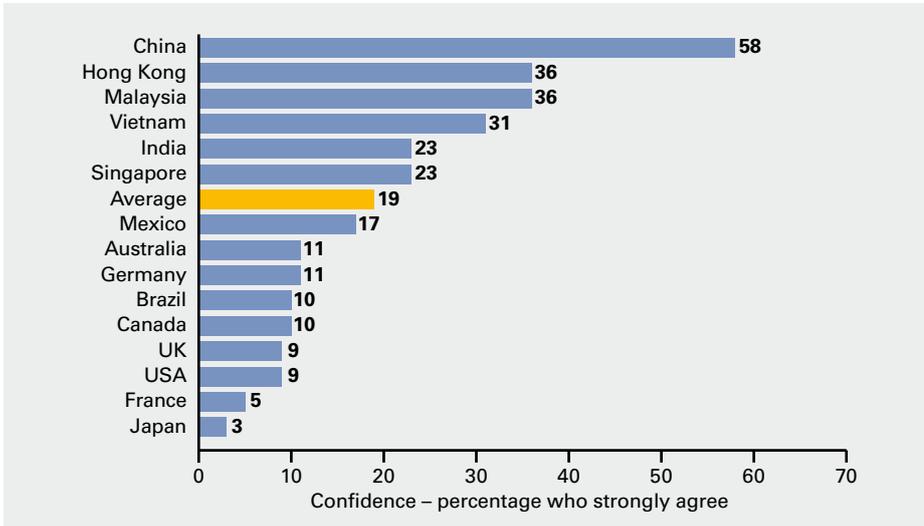
**Figure 4. Concern 2010.** Climate change and how we respond to it are among the biggest issues I worry about today. 6+7 on a scale from 1-7 where 1 means 'strongly disagree' and 7 means 'strongly agree'.

leaving the action to others. They are also willing to take action themselves.

There is a clear contrast between China, where 64% say they are making a significant effort, and the UK and the

US, where the number is considerably lower, at 23% and 20% respectively.

The answers seem to reflect a broader pattern: people in emerging economies are more concerned about climate



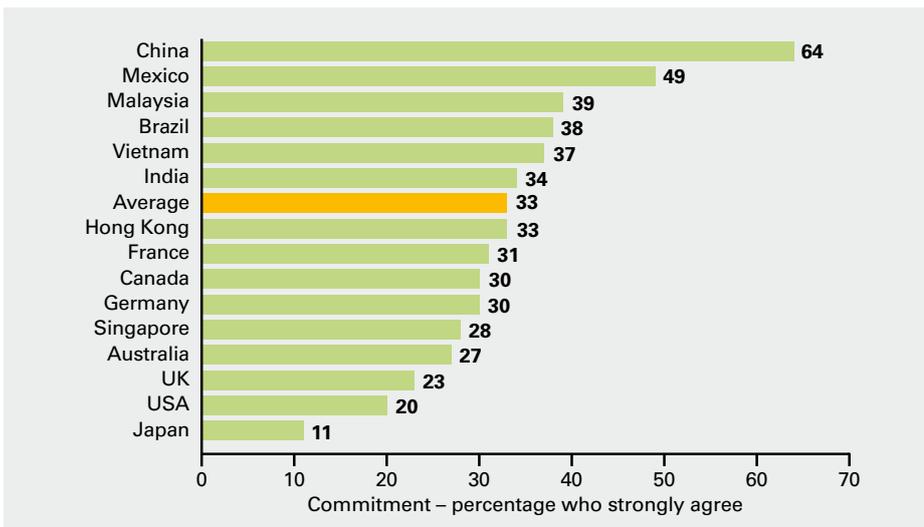
**Figure 5. Confidence 2010.** The people and organisations who should be doing something about climate change are doing what is needed. 6+7 on a scale from 1-7 where 1 means 'strongly disagree' and 7 means 'strongly agree'.

change; they are more optimistic that we can tackle it, and they are more willing, through their own individual actions, to play their part (Figure 6).

### Optimism

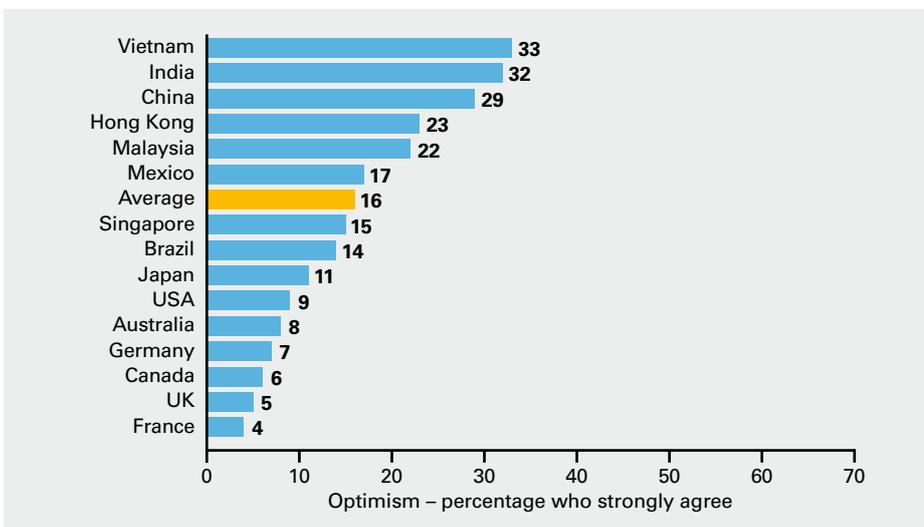
Only one in six people are confident that climate change can be stopped.

Once again, the results reinforce the other findings: there is a significant difference in optimism between emerging markets and developed economies. In the West, very few people believe climate change can be halted, falling to fewer than one in twenty in France and the UK. In developing markets in Asia such as Vietnam, India and China this figure is significantly higher at around one in three, and in Hong Kong it is one in four (Figure 7).



**Figure 6. Commitment 2010.**

I am personally making a significant effort to help reduce climate change through how I live my life today. 6+7 on a scale from 1-7 where 1 means 'strongly disagree' and 7 means 'strongly agree'.



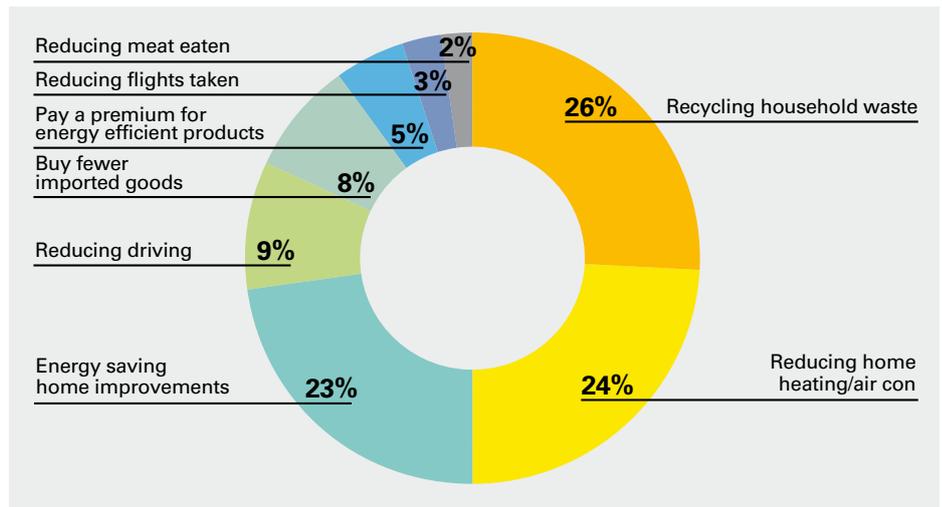
**Figure 7. Optimism 2010.** I believe we will stop climate change. 6+7 on a scale from 1-7 where 1 means 'strongly disagree' and 7 means 'strongly agree'.

**This year's results confirm the trend of previous years. People in emerging economies worry more about climate change, but they are also more optimistic that the world can successfully tackle it and are keen to play their part, alongside NGOs, governments and businesses.**

# People are making a considerable personal effort to help reduce climate change through adaptation and mitigation...

There is a clear commitment amongst individuals to take practical action, even if this reduces their quality of life.

**Figure 8. Low carbon activism.**  
Global percentage ranking each activity as the most important activity for people in their country, even if this means reducing their overall quality of life.



When asked what actions they feel are most important in tackling climate change, 26% say recycling; 24% say reducing heating or air conditioning; and another 23% cite other measures to reduce energy usage in the home.

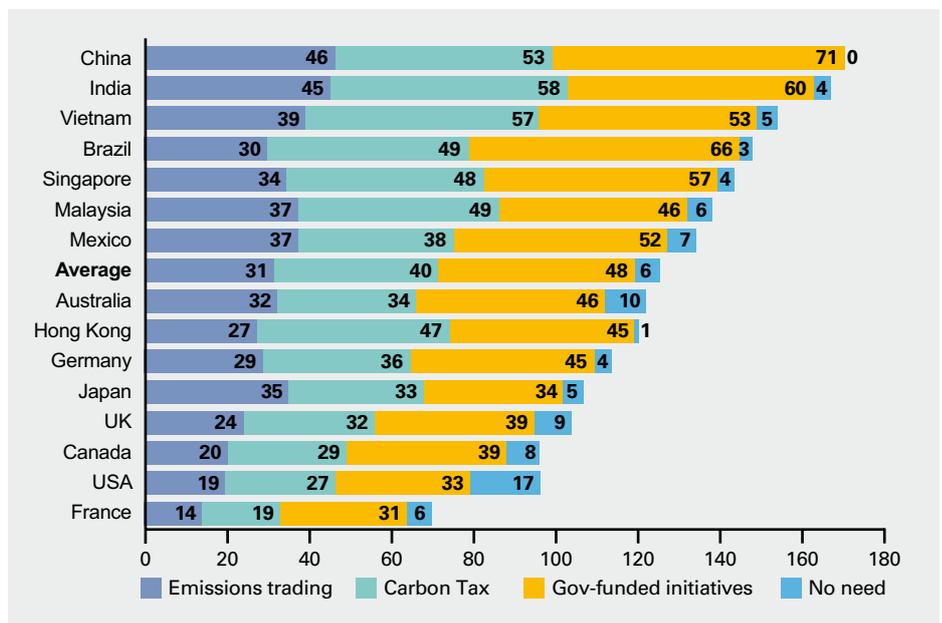
We also asked about drivers for taking direct action. Unsurprisingly, we found that people's motivation was strongest where an action both saves the individual money and helps combat climate change. When we asked which of these steps people and their families are actually taking, the top actions globally are recycling (78%), reducing home heating/air conditioning (74%), low energy home improvements (56%) and reducing driving (51%).

## They think individuals and NGOs should take the lead on this...

The Climate Confidence Monitor asked people to indicate who they feel is currently taking the lead in tackling climate change, and who should be doing so. The responses suggest that civil society should build on its existing strong record, with 36% saying that NGOs should play the major role. However, there is also a real commitment to individual action, with 34% seeing individuals at the heart of the solution. The figures are much lower for government at 17% and for business at 13%, although few with an advanced understanding of the issue can doubt the need for a multi-stakeholder approach and strong, decisive national and international leadership.

## With governments implementing effective macro policy measures

There is a clear understanding that tackling climate change will require



**Figure 9. Macro policy measures for tackling climate change.** 4+5 on a scale from 1-5 where 1 means 'an ineffective measure' and 5 means 'a very effective measure' to tackle climate change.

action from a range of organisations and individuals, and a recognition that governments must help to put appropriate policy frameworks in place.

Emissions trading, carbon taxes and other government funded carbon reduction initiatives are all seen as important steps where governments should take a lead.

Again, there is a difference in attitudes between emerging and developed markets, with the strongest call for government action on these issues from China, India and Vietnam. However, while there were variations, the responses across all countries show almost universal acceptance that governments need to play a direct part.

# People want business to respond to the challenge and opportunity...

The majority of people believe that business needs to invest more in addressing climate change.

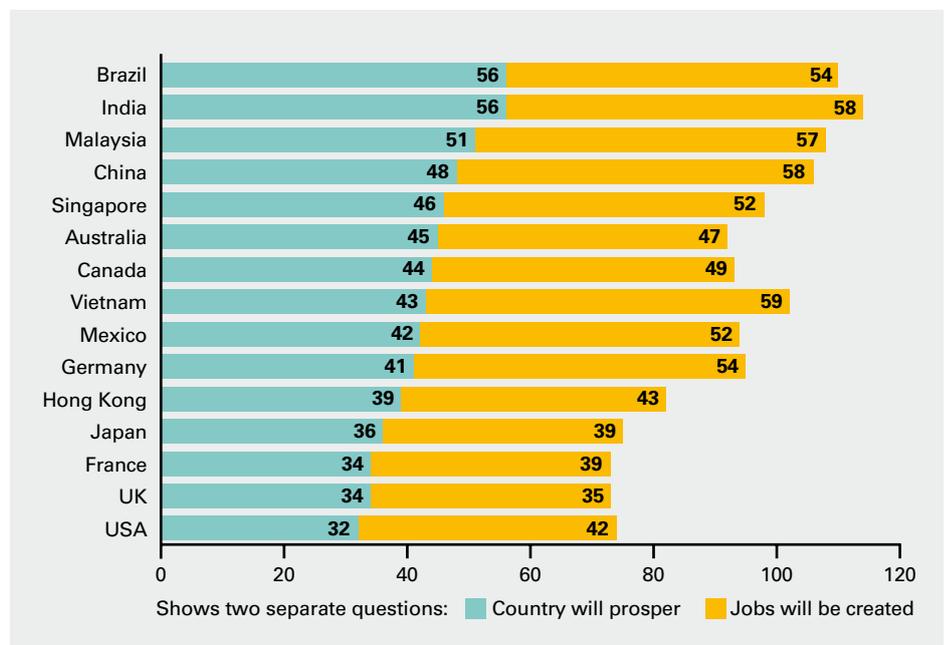
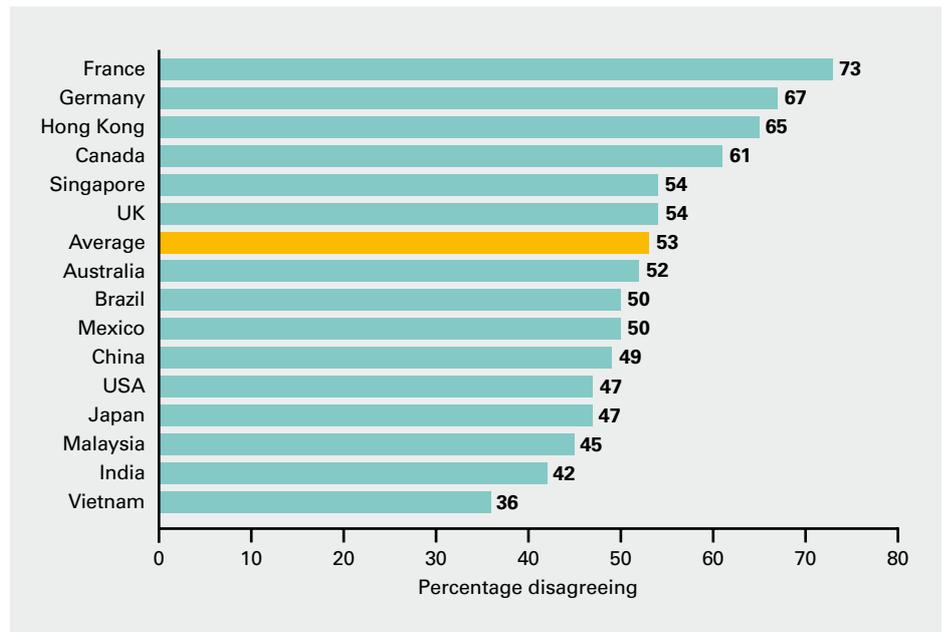
For the first time, the Climate Confidence Monitor posed some specific questions about the role of business and the opportunities that climate change presents. There is a clear view that greater business involvement is needed. Interestingly, this is generally higher in developed markets than in emerging ones. Almost three quarters of people in France, and more than two thirds in Germany, want business to invest more, with only 36% in Vietnam and 42% in India expressing the same view.

## Responding to climate change will lead to greater economic prosperity and new jobs

Businesses will be motivated to make these investments if they can see the economic benefits of doing so. Brazil and India are the most optimistic about the opportunities, with the majority expecting the country to prosper and jobs to be created as a result. The UK and the US are the least optimistic but, even here, a third of people believe responding to climate change will lead to economic opportunities and new employment.

**Figure 11. Economic prosperity.** Percentage agreeing that their country's economy will prosper/new jobs will be created as business responds to climate change. 4+5 on a scale 1-5 where 1 means 'strongly disagree' and 5 means 'strongly agree'.

**Figure 10. Business response to climate change.** 1+2 on a scale from 1-5 where 1 means 'strongly disagree' and 5 means 'strongly agree' that the business sector is investing sufficient resources in addressing climate change.



*"The climate business sector is growing fast and emerging markets are leading the way. Governments are pushing ahead with decarbonising their economies and businesses are responding by producing more low carbon goods and services. HSBC is working with clients to help them sow and reap the benefits of the low carbon economy."*

**Stuart Gulliver, Chairman, HSBC Europe, Middle East and Global Businesses and Group Chief Executive Designate**

# Implications of the research

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**First**, people in emerging economies are more positive and upbeat, are doing more, and are anticipating more economic benefit from the transition to a low carbon economy. This may be due to an awareness of their greater 'climate vulnerability' and, therefore, of the implications and the need to adapt.

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**Second**, there is a clear call for business to invest more resources in addressing climate change. There is a general belief that tackling the issue head-on will lead to increased economic prosperity and all the opportunities that brings. HSBC's Climate Change Centre of Excellence recently forecast that the global market for efficient lighting – just one of the sectors that stand to benefit from the low-carbon revolution – will be worth US\$79b by 2020. The results of the Climate Confidence Monitor 2010 show that people around the globe believe that now is the time for business to recognise the opportunities and act upon them.

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**And finally**, if we (business, civil society and government) can simplify and amplify our messages, we will give more coherent direction to those who are already doing what they can, and reach those who do not yet appreciate the urgency of the challenge. Consumers across the globe are ready and willing to take action, but there is a clear feeling that NGOs, governments and businesses also need to play their part.

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