

Three Essays on the Economic Impact of Climate Change

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Abstract

The impact of physical climate shocks on corporates and the banking system, as well as the understanding of underlying transmission mechanisms, have remained insufficiently explored in the academic literature. This study aims to shed light on these gray areas by attempting to assess the impact of, both acute and chronic, physical climate change shocks on French firms and the underlying banking system. In this sense, three main dimensions will be explored. Firstly, the reaction of the banking system, in terms of interest rate spreads and credit volume, to companies exposed to such risks. Secondly, the ability of climate-affected companies to pass on the additional costs to their sales prices and/or profit margins, considering their market power. Finally, the significance of the anticipated microeconomic effects at the systemic level, specifically on the real and financial macroeconomic sectors. Additionally, a comparative study will be conducted with other countries in order to evaluate the potential generalizability of our findings and to identify relevant contrasts compared to the French and European contexts.

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