



“In fact, the issue is always between two points”

Weekly
Political and Geopolitical
Developments

March 31, 2025



This service is provided to you free of charge by **2blackdot** and **Tema Group**. **These articles are not investment advice.**

Prepared by: Hakan Çalışkantürk

2twoblackdots@gmail.com

<https://www.2blackdots.com>

*** **Legal Notice:***** The investment information, comments and recommendations provided herein are not within the scope of investment consultancy. Investment consultancy services are provided within the framework of an investment consultancy agreement to be signed between brokerage firms, portfolio management companies, investment and development banks and the customer, and by authorized institutions, taking into account the risk and return preferences of individuals. The comments and recommendations provided herein are of a general nature. These comments and recommendations may not be suitable for your financial situation and risk and return preferences. Therefore, making an investment decision based solely on the information provided herein may not yield results that are in line with your expectations. **2blackdot** and **Hakan Çalışkantürk** cannot be held responsible for any errors and omissions in this publication or the sources used in this publication, and for any direct and/or indirect damages, loss of profit, moral damages and any damages that third parties may suffer in any way or form, as a result of using the information provided in this publication.

"Climate Change as a Geoeconomic Risk Factor Effects on the Global Economy"

The World Bank's "Global Economic Prospects" report for 2025-2026 comprehensively analyzes the profound effects of climate change on the global economy.¹ In this article, we try to interpret the global repercussions of this effect. Because climate change is not only an environmental crisis; At the same time, it stands before us as a multifaceted threat that transforms economic, political and social structures. One of the most striking reflections of this transformation is observed in commodity markets. From agricultural products to energy resources, from rare metals to water, the supply-demand balance is being reshaped in many basic inputs.

1. Fragility in Agricultural Production and Food Commodities

Extreme weather events (droughts, floods, hail, heat waves) threaten the stability of agricultural production and lead to sudden decreases, especially in the supply of basic food products (wheat, corn, rice, etc.). The year 2023 witnessed a global increase in food prices, with sharp declines in grain production.

- **Food Security:** Especially in low- and middle-income countries, these price increases directly threaten household consumption and nutritional security.
- **Export-Based Economies:** Countries dependent on agricultural exports both lose their foreign exchange revenues due to the decline in production and have difficulty in maintaining the supply-demand balance in the domestic market.
- **Inflationary Effect:** The increase in food prices has become one of the main triggers of global inflation.

2. Energy Transition and Structural Change in Commodity Demand

While the process of moving away from fossil fuels is accelerating within the scope of combating climate change, significant structural transformations are observed in energy markets. While this transition reduces the demand for some commodities, it increases the interest in raw materials used in renewable energy technologies.

- **Transition from Fossil Fuels to Renewables:** Carbon neutral targets limit the use of energy sources such as coal and oil and increase the orientation towards sources such as natural gas and green hydrogen.
- **Supply Risk:** The technologies required for renewable energy systems are mostly based on strategic mines produced in limited countries and open to geopolitical risks.
- **Investment Dynamics:** The transition to clean energy changes investors' risk perception and increases the tendency towards green technology investments.

3. Increasing Demand and Risks in Lithium, Cobalt and Rare Earth Elements

The demand for lithium, cobalt and rare earth elements used in technologies such as electric vehicles, solar panels, and battery systems has increased rapidly with climate change. This situation causes large fluctuations in the prices of these commodities and new areas of geoeconomic competition (the case of Ukraine).

- **Price Fluctuations:** In this market, where supply is limited and demand is increasing rapidly, prices are highly sensitive to intense speculation and geopolitical developments.
- **Supply Chain Dependency:** The bulk of lithium and cobalt production depends on several countries (e.g. Democratic Republic of Congo, China, Australia). This situation causes the political instability in the producing countries to be reflected rapidly in the global markets.
- **Sustainability Issues:** Intensive mining activities lead to environmental destruction and violation of the rights of local people, which makes the ethical dimensions of the clean energy transition controversial.

4. The Complex Relationship Between Climate Change and Economic Growth

Climate change is also a systemic threat to economic growth, which varies regionally but has generally negative effects. According to the World Bank's forecasts for the 2025-2026 period, global economic growth will remain stable at 2.7%. However, this stagnant growth trend may turn into a more pronounced recession, especially in developing countries, due to natural disasters, environmental degradation and structural vulnerabilities caused by climate change. The increase in natural disasters, the frequency of disasters such as droughts, storms and floods; It disrupts economic activities while destroying infrastructure. This weakens private sector investment and public services, dragging down growth potential.

5. Vulnerability in Climate-Sensitive Sectors: The Case of Agriculture and Tourism

In most developing countries, growth is largely based on sectors that are directly dependent on climatic conditions, such as agriculture and tourism. These sectors are highly vulnerable to climate change:

- **Agriculture:** Deterioration in soil fertility, irrigation systems and seasonal cycles leads to fluctuations in crop yields and food security problems.
- **Tourism:** Destruction of natural beauty, beach erosion, and temperature increases reduce the attractiveness of tourist destinations and put employment in this sector at risk.

¹ <https://bulten.yesilbuyume.org/p/yesil-buyume-haftalik-bulten-139>

This fragility not only directly affects economic performance, but also deepens social inequalities. Inequality in income distribution is increasing and social protection systems are coming under more pressure.

6. Regional Inequalities: The Case of Sub-Saharan Africa

The effects of climate change are felt most acutely in low-income and fragile regional economies. Sub-Saharan Africa is a striking example in this regard. Countries in the region are structurally unprepared for climatic shocks, and climate change-induced disasters are further dragging down already low growth rates.

- **Difficulty in Poverty Reduction:** Lack of growth hinders poverty reduction efforts and leads to a move away from social development goals.
- **Policy and Financing Gap:** Lacking the capacity to take action against climate-related risks, these countries face serious difficulties in achieving sustainable development goals without external support and climate finance. (The risk of global migration remains.)

7. Low-Carbon Economies: A New Route for Growth

The most effective way to eliminate the negative economic effects of climate change is to adopt low-carbon growth strategies. Carbon-neutral development models enable both environmental sustainability and long-term economic growth. In particular, investments in the following areas are critical:

- **Renewable Energy:** Energy systems based on resources such as solar, wind and hydropower create employment while reducing foreign dependency.
- **Green Infrastructure:** Climate-resilient urbanization, sustainable transportation and nature-based solutions support economic dynamism.
- **Energy Efficiency:** Technologies that optimize the use of resources in production and consumption increase competitiveness.

8. Green Investments and Competitiveness

Countries that prioritize low-carbon solutions not only gain environmental benefits, but also gain a competitive advantage on a global scale. While increasing their efficiency, these countries are taking leadership positions in new sectors (e.g. green hydrogen, electric vehicles), attracting the attention of international investors, and continuing to maintain their foreign trade advantage by adapting to new global rules such as carbon taxes and border regulations.

9. Direct Impacts on Climate Change and Productivity

Climate change has a direct and measurable impact on labor productivity, especially in labor-intensive sectors. Extreme temperatures, increased humidity and unstable weather conditions adversely affect the performance of individuals working in jobs that require physical exertion and increase health risks. These effects are even more pronounced, especially in areas that require outdoor work, such as agriculture, construction and transportation.

- **Decrease in workforce performance:** Temperature increase reduces productivity by reducing both physical and cognitive capacity.
- **Labor losses:** The increase in the number of days off due to extreme heat or the emergence of long-term occupational diseases cause economic losses for companies.

10. The Impact of Natural Disasters on Economic Infrastructure

Another serious consequence of climate change is the increase in the frequency and severity of natural disasters. Disasters such as floods, hurricanes, fires and droughts not only cause direct loss of life and property; At the same time, it causes serious damage to infrastructure systems (transportation, energy, water supply, health services), causing economic losses.

- **Disruption in economic activities:** Infrastructure destruction in the aftermath of disasters causes serious disruptions in production, supply and trade chains.
- **Costly reconstruction processes:** Infrastructure reconstruction increases budget pressures, especially in low- and middle-income countries where public resources are limited.

11. Deepening Inequalities in Fragile Economies

The economic impacts of disasters and environmental degradation are not felt equally on all segments of society. Low-income groups are more vulnerable to disasters because both their habitats are at risk and their capacity for post-disaster recovery is limited. This situation makes social inequalities even more pronounced.

- **Effects on income distribution:** Disasters disproportionately affect poorer segments, increasing income inequality.
- **Risk of social unrest:** The increase in socioeconomic tensions has the potential to trigger climate-related social conflicts and migration movements.

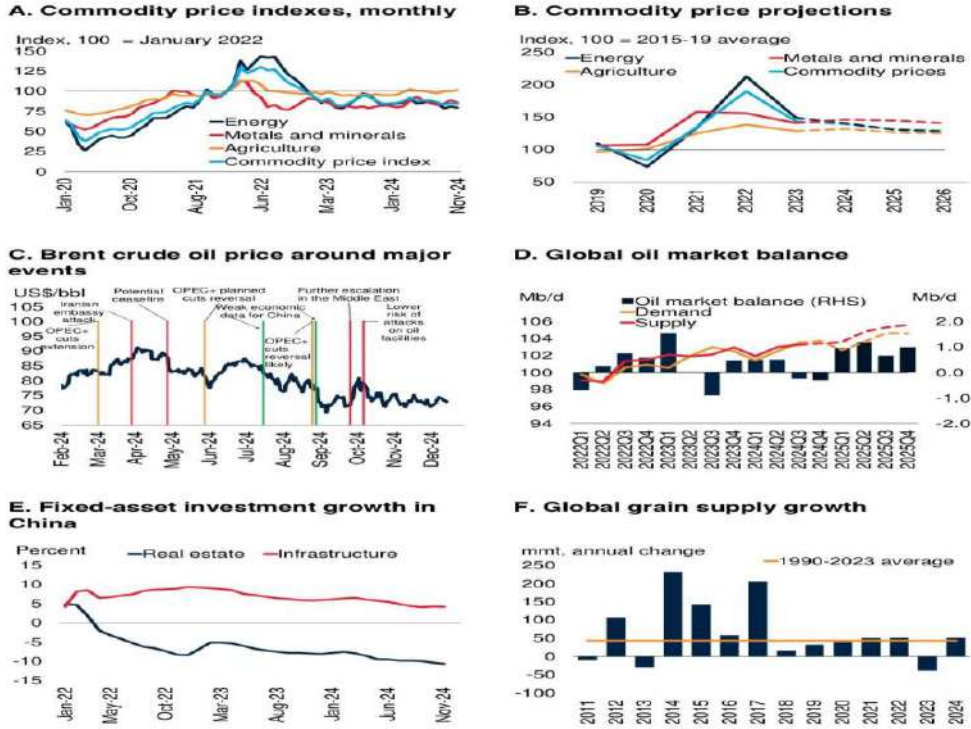
12. Macroeconomic Losses: Risks Calculated on GDP

According to World Bank data, climate-related disasters cause economic losses of about 2% of Gross Domestic Product (GDP) in emerging market and developing economies every year. This includes not only direct losses, but also long-term productivity losses and restructuring costs.

- **Increased adaptation spending:** In some regions, the investments required for adaptation to climate change are estimated to reach up to 5% to 6% of GDP.
- **Financial sustainability pressure:** These ratios show that fragile economies have to use both domestic resources and international support in the fight against climate change.

Result:

Loss of productivity, destruction of infrastructure and socioeconomic inequalities due to climate change threaten economic growth and sustainable development goals. In this context, it is vital for developing countries in particular to adopt climate adaptation policies as a central development strategy. Climate-compatible working conditions to protect workforce health need to be developed, resilient infrastructure investments should be prioritized, social protection programs should be more inclusive against disasters, and climate finance instruments should be distributed more effectively and fairly. The World Bank's "Global Economic Prospects" report for 2025-2026 highlights the multifaceted and profound effects of climate change on the global economy. Factors such as fluctuations in commodity prices, slowing economic growth, and productivity losses make it difficult to reduce poverty and achieve sustainable development goals, especially in developing countries. For this reason, efforts to combat and adapt to climate change should be put at the center of economic policies and international cooperation should be strengthened.



Sources: Bloomberg; Haver Analytics; International Energy Agency (IEA); U.S. Department of Agriculture; World Bank.
Note: bbl = billion barrels; Mb/d = million barrels per day; mmt = million metric tons; OPEC+ = Organization of the Petroleum Exporting Countries and other affiliated oil producers.

<https://openknowledge.worldbank.org/server/api/core/bitstreams/f983c12d-d43c-4e41-997e-252ec6b87dbd/content> (Global Economic Prospects, January 2025)²

Resources Used:

- <https://x.com/WorldBankTurkey/status/1880891696973799660>
- <https://www.aa.com.tr/tr/ekonomi/dunya-bankasi-kuresel-ekonominin-bu-yil-ve-gelecek-yil-yuzde-2-7-buyuyecegini-ongoruyor/3453035>
- <https://www.makinebirlik.com/images/d/library/27c7787f-dfdb-49a8-a684-5d10986fd0db.pdf>
- <https://www.tarimorman.gov.tr/TRGM/Belgeler/IKLIM%20DEGISIKLIGI%20VE%20TARIM%20DEGERLENDIRME%20RAPORU.pdf>
- https://www.allianz-trade.com/tr_TR/ekonomik-arastirmalar/ekonomik-gorunum-raporlari/kuresel-ekonomik-gorunumu-2025-26.html
- https://www.ktu.edu.tr/dosyalar/sbdergisi_8fd33.pdf
- https://ekonomi.isbank.com.tr/contentmanagement/Documents/tr03_aylik/2025/DTEG_202502.pdf
- https://caneurope.org/content/uploads/2020/09/RAPOR-TR-Dijital-Final_BMedited.pdf
- <https://www.tcmb.gov.tr/wps/wcm/connect/4209d4aa-6540-4a8b-ae54-da1161d7bd16/Demet%2B%C3%9C%2BUzmanl%C4%B1k%2BTez%2Bpdf%2B%2826.10.2023%29.pdf?CACHEID=ROOTWORKSPACE-4209d4aa-6540-4a8b-ae54-da1161d7bd16-o-1stNe&MOD=AJPERES>
- <https://iklimeuyum.org/dokumanlar/Etkilenebilirlik ve Risk Analizi Metodolojisi ve Oncelikli Sekt%C3%B6rlerin Analiz Kapsamının Belirlenmesi.pdf>
- <https://www.pwc.com.tr/tr/gundemdeki-konular/yayinlar/dunyada-ve-turkiyede-ekonomik-gorunum.pdf>
- <https://bulten.yesilbuyume.org/p/yesil-buyume-haftalik-bulten-139>
- <https://openknowledge.worldbank.org/server/api/core/bitstreams/f983c12d-d43c-4e41-997e-252ec6b87dbd/content>

AGI Resources:

- https://finteo.com.tr/21-yuzyilda-gelismekte-olan-ekonomiler-buyume-zorluklar-ve-firsatlar?utm_source=chatgpt.com
- https://dergipark.org.tr/en/download/article-file/2627842?utm_source=chatgpt.com
- https://www.tasav.org/media/k2/attachments/Kitap_K%C3%BCresel_%C4%B0klm_De%C4%9Fi%C5%9Fi%4%9Fi.pdf?utm_source=chatgpt.com
- https://gazeteoksijen.com/ekonomi/dunya-bankasindan-kuresel-ekonomik-beklentiler-raporu-turkiye-icin-buyume-tahminini-dusurdu-232995?utm_source=chatgpt.com

² <https://bulten.yesilbuyume.org/p/yesil-buyume-haftalik-bulten-139>