Sabine Mauderer: Preserving stability in a fragmented and uncertain world

Speech by Dr Sabine Mauderer, First Deputy Governor of the Deutsche Bundesbank, at the 3rd International Conference on the Climate-Macro-Finance Interface "Emerging macroeconomic, financial, and environmental policy challenges in an era of polycrisis and rising uncertainties," Frankfurt am Main, 23 March 2026.

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1 Introduction

Ladies and Gentlemen,

Thank you very much for the invitation. It is a real pleasure to be here at SAFE and at Goethe University today. I always enjoy coming here, because this is a place where excellent research meets thoughtful policy debate.

As you may know, the Bundesbank has a long-standing connection with SAFE and with Goethe University more broadly. Over the years, this close interaction has fostered a fruitful exchange between research and policy that is especially valuable in challenging times like these.

This year's conference looks at the many challenges we face in a time of high uncertainty. Many commentators describe the period we are living in as an era of "polycrises", with several crises happening simultaneously.

Indeed, geopolitical fault lines are shifting. Technological change is accelerating, and the effects of climate change are becoming more visible.

And recent sharp increases in oil and gas prices, amid conflicts in the Middle East, remind us how quickly geopolitical events can create ripple effects, testing the resilience of our economies and institutions.

Today, I will focus on two sources of economic and financial instability: First, policy uncertainty, in particular with regard to energy transition. And second, external vulnerabilities, and particularly those linked to energy security and global trade.

2 The Role of Policy Uncertainty

The current high level of uncertainty affects all of us. Part of this uncertainty reflects the difficult trade-offs governments and parliaments are facing today – between promoting economic growth, strengthening strategic autonomy and advancing environmental sustainability.

These objectives do not always align and might lead to sudden shifts in political priorities. This can affect economic and financial conditions, making the economic

outlook harder to assess. This is also where the link between climate, the macroeconomy, and the financial system becomes more visible.

Let me illustrate this with a few examples. The political U-turn following the 2024 election in the United States is a stark reminder of how rapidly the policy environment can change. President Trump's second term has brought pronounced policy shifts, including seesawing tariffs and a change in direction on climate policy. The effects are being felt worldwide.

In Europe, too, the urgency and necessity of climate policy have become less clear, as policymakers shifted their attention to defence and economic competitiveness placing these issues at the forefront of the policy agenda. This policy pendulum affects businesses and consumers alike – and its impact can be wide-ranging. Academic research shows that policy uncertainty can have measurable economic effects. One recent study finds that, in the United States, past episodes of climate policy uncertainty might have reduced US economic output by 0.5 percent and private investment by close to 2 percent.[1] Another study shows that climate policy uncertainty can undermine venture capital funding for startups in the cleantech sector.[2]

We have also seen recent examples of how policy uncertainty related to the green transition can directly affect asset prices. One source estimates that the reversal of electric vehicle policies in the US and elsewhere has reduced the book value of the global car industry by at least $65 billion in the past year.[3] That is a sizeable sum, even in an industry worth trillions of dollars.

To give another example: just last month, proposals to delay stricter carbon regulations led to what at first sight appeared to be a surprising market reaction. This triggered a sharp fall in the share prices of European cement producers.[4] The proposal was meant to support the industry, but investors worried that lower carbon costs would hurt those firms that had already invested in cleaner technologies.

These examples show how quickly policy shifts can translate into market uncertainty and asset price re-evaluation. All the more reason for central banks to stay firmly focused on stability, sound data and analyses.

3 The Importance of Reducing External Vulnerabilities

Beyond this, the renewed conflict in the Middle East is a further reminder that external shocks can pose serious risks to stability – if we are unprepared. The Covid-19 pandemic and Russia's invasion of Ukraine had already served as wake-up calls for decision makers – also here in Germany – about our deep dependencies on global supply chains.

Germany's dependency on foreign energy imports is particularly striking. Fossil fuel imports in Germany still account for almost 70% of total energy needs.[5] For Europe, it is close to 60%. To reduce these vulnerabilities, Europe needs to focus on three aspects:

- increase own energy production within Europe

- allow allocation of energy across Europe
- diversify external energy resources.

This is one of the areas where policy goals reinforce each other, rather than conflict with one another.

Regions like Europe, which lack major fossil energy sources, benefit from an energy system based on renewables, because it is inherently more secure: It reduces reliance on imported oil and gas and strengthens economic resilience. Accelerating the adoption of clean energy technologies can help speed up our resilience with respect to energy shocks, thereby promoting stable prices.

Nevertheless, we must remain realistic – meaningful reductions in energy import dependency will take years to materialize. Indeed, research by colleagues of the Federal Reserve shows that energy import dependency in Europe will likely remain high .

If we continue deploying renewable energy at the pace seen over the past ten years, we would still need to import about 53% of our energy needs, in 2033. Even if we assume an accelerated transition process, we would still need to import 43% in 2033.

It is also important to keep a close eye on energy costs as we transition to clean energy. Here in Germany, industries are caught between high natural gas and electricity prices. Germany managed to ensure gas supply after the start of the war in Ukraine. But, besides energy supply, energy prices matter. Prices for oil and gas are global prices. So, if global markets push oil and gas prices, prices will increase globally.

Resilience, however, does not stop at energy. It also depends on open and diversified trading partners and – in an increasingly digital world – on secure and reliable digital infrastructure. Looking at trade flows, a welcome development is the recent EU–Mercosur agreement, which has been concluded politically and signed, and is now moving through the ratification process. Once in force, it will create one of the world's largest free trade areas, covering around 700 million people, reducing tariffs and strengthening supply chains.[6]

The EU also recently concluded negotiations on a comprehensive Free Trade Agreement with India, one of the world's fastest-growing economies. These developments deserve recognition. They show that Europe remains committed to openness and to a rules-based global trading regime, even at a time of rising fragmentation. By expanding partnerships and deepening economic ties with key regions, the European Union is strengthening the resilience of its economy.

Alongside this, Europe is taking steps to strengthen its digital sovereignty. This is particularly important given that the EU still relies on foreign providers for more than 80% of its digital technologies and infrastructure and services.[7] Reducing dependencies will require stronger investment in European IT infrastructure so that Europe retains the capacity to shape and secure the critical technologies that underpin modern economies.

4 Concluding Remarks

Let me conclude by recalling that times of heightened uncertainty call for stable institutions and close international cooperation. A good example is the Network for Greening the Financial System (NGFS), which I have the honour of chairing. Today, it brings together nearly 150 central banks and supervisory authorities from around the world. Interest in our work remains strong, reflecting the continued global commitment to addressing climate-related risks in the financial system. And indeed, our community continues to grow with new members and observers.

In that effort, I know first-hand how valuable your research is for policymakers and supervisors. It helps us better understand complex economic challenges and develop sound policy responses. I am confident that the discussions over the next two days will be both stimulating and fruitful. The contribution of this conference to that shared effort is therefore invaluable.

Thank you.

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[1] Konstantinos Gavriilidis, Diego R. Känzig, Ramya Raghavan, and James H. Stock, The Macroeconomic Effects of Climate Policy Uncertainty, NBER Working Paper 34762 (2026).

[2] Joelle Noailly, Laura Nowzohour, and Matthias van den Heuvel, "Does Environmental Policy Uncertainty Hinder Investments Towards a Low-Carbon Economy?," NBER Working Paper 30361 (2022), https://doi.org/10.3386/w30361.

[3] End of electric vehicle euphoria triggers $65bn hit for carmakers

[4] European Cement Stocks Slide on Fears EU Policy Will Hurt Prices

[5] Own calculation based on the International Energy Agency's World Energy Balances (2025).

[6] European Commission, The EU-Mercosur trade agreement (2026).

[7] Bertelsmann Stiftung, EuroStack – A European Alternative for Digital Sovereignty (2025).