

Companies Pushing Countries— A Necessary Nudge on the Path to Net Zero

To BCG's network around the world,

More and more countries are committing to net-zero goals, but what are the real plans to achieve them? As representatives from more than 140 countries—the largest group ever—gather in Glasgow for COP26, that is the question on many leaders' minds.

In this context, I'm thrilled to share that BCG, in partnership with the Federation of German Industries (BDI), recently released a study—[Climate Paths 2.0: Program for Climate and Germany's Future Development](#)—that offers a detailed roadmap for Germany as it pursues its ambitious climate goals.

To the best of our knowledge, this is the first time that a country's leading corporations and associations have teamed up to shape a concrete, comprehensive, and viable net-zero policy proposal—a collaboration that might very well serve as a model for other countries.

In reading the report, I'm struck by four messages that likely apply to other parts of the world:

First, an ambitious climate transition is possible.

Germany is the sixth largest emitter of greenhouse gases. In 2016, the government announced bold GHG reduction targets. Earlier this year, the country's supreme court forced policymakers to reform those targets, making them even more ambitious and legally binding. As a result, the German government is required to reduce emissions by 65% by 2030, compared with 1990 levels—and reach net zero by

2045.

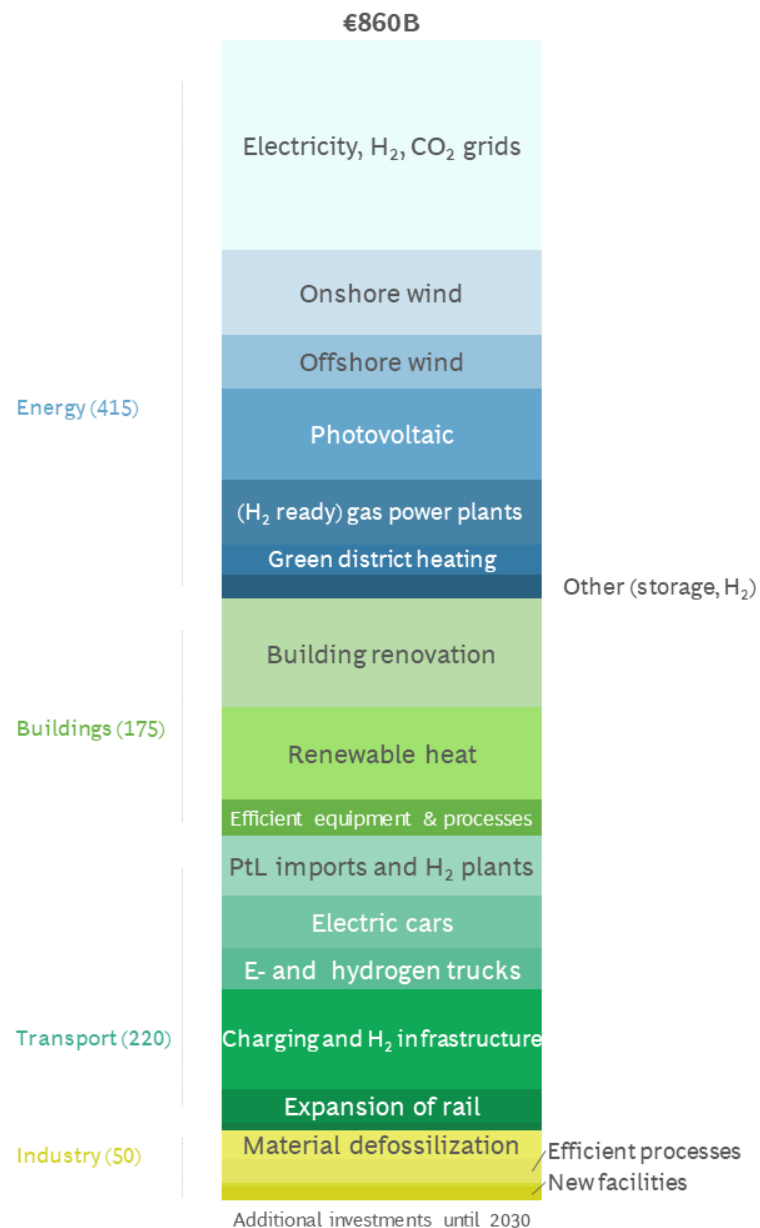
Climate Paths 2.0 involved more than 150 experts from BDI, BCG, and about 80 German companies and associations. The report puts forward 110 technical measures and 60 policy suggestions, along with a detailed assessment of fiscal implications. It offers a plan that can speed up the development of sustainable infrastructure and the conversion of energy, transportation, and heat to renewable sources. And it can move Germany's economy toward net zero while modernizing its industry for the 21st century.

Second, it will be expensive.

Reaching the 2030 goal will require investments of about €860 billion, or about €100 billion per year. That's close to 3% of Germany's GDP.

The changes required in this decade alone are massive, including largely eliminating fossil fuel investments and reducing coal power much more quickly than previously thought necessary. But without making these changes, and doing so immediately, Germany will reach only half of its 2030 goal.

€860 Billion in Investments in Climate Protection by 2030



Third, industry is ready for the challenge.

I believe that one of the most remarkable things about this report is that it shows just how determined German industry is to take on the climate challenge. The German government's goals are impressive, but it has taken the partnership of the business community to figure out a detailed plan for reaching them while ensuring a fair transition—work that business leaders can and should be doing around the world.

Now we need the new government to take this proposal and step up its climate efforts. We need well-coordinated political governance at all levels and an agile, fast approach to planning and approving procedures along the way.

And fourth, the effort needed is monumental.

It goes beyond money. This will be a real test of collaboration and the spirit of innovation across sectors. Accomplishing these goals will take a national effort that far exceeds anything attempted in recent decades—likely the greatest transformation for Germany since the Second World War.

To get this right will require behavior changes, different choices, and, in some cases, increased costs. We need to develop policies and incentives that are, and are perceived to be, just and equitable—or we risk polarizing the population and setting back the effort.

If Germany can meet this vision for the future, it will make an important contribution to protecting the planet, as well as securing the industrial power and prosperity of this and future generations. This is the work we need to see happen around the world: the detailed steps required to reach net zero and an energized and engaged partnership of business leaders to guide us there. It's a prospect that should inspire us all.

Next week, the Weekly Brief will come from Rich Lesser, who will write about his experiences on the ground at COP26.



Christoph Schweizer
Chief Executive Officer

Further Reading



Climate Paths 2.0: A Program for Climate and Germany's Future Development

More than 150 experts from BCG, the Federation of German Industries, and about 80 companies and associations present a clear path for Germany's journey to net zero.

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Global Shipping's Net-Zero Transformation Challenge

As you craft a decarbonization strategy—for today and tomorrow—here are seven crucial areas to consider.

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Private Investors Must Commit as Much as Eight Times More to the Low-Carbon Economy

Which technologies are capturing private investment, where is more investment most needed, who must provide it, and how best can they make the necessary investment decisions? Find out where the smart money is headed.

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