

More speed for energy transition and industrial transformation

At the Petersberg Climate Dialogue, the German G7 presidency must clearly show that it is serious about implementing the Elmau resolutions. The concept of the Climate Club must be concretised, new fossil dependencies must be avoided, and partnerships for the expansion of renewable energies, energy efficiency, and green hydrogen must be strengthened.

“The answer to the Russian war of aggression against Ukraine must be more and faster climate protection and an acceleration of the global energy transition. The German Chancellor must now make it clear how the transformation to a climate-neutral economy can succeed internationally,” says Sabine Nallinger, Managing Director of the Stiftung KlimaWirtschaft - German CEO Alliance for Climate and Economy). “Many of us are greatly concerned about costly new fossil fuel dependencies. This is all the more reason to define how new partnerships with key countries will strengthen our energy security and accelerate the energy transition and industrial transformation, enabling us to maintain the 1.5°C cap.”

At the Petersberg Climate Dialogue early next week (July 18-19, 2022), German Foreign Minister Annalena Baerbock and Chancellor Scholz will have the opportunity to gain international support for their ambitious climate policy, especially for the concept of a climate pioneer alliance. Specific implementation steps must follow the announcement of a new Climate Club in the coming weeks and months. “The task now is to shape the Climate Club in such a way that the transformation to a climate-neutral industry in the G7 is accelerated while at the same time providing clear incentives for the decarbonisation of industry in G20 emerging economies such as China and India through solidly-based standards and lead markets for green industrial products,” says Till Kötter, Head of European and International Policy at the Stiftung KlimaWirtschaft. “It is important to conclude the German G7 presidency at the end of the year with a strong climate policy signal to the COP27 climate negotiations in Egypt.”

The heads of state and government took significant energy and climate policy decisions at the G7 summit in Elmau at the end of June. For example, they intend to decarbonise most of their power supply by 2035, aim for a timely phase-out of coal, and strive to end fossil subsidies and internal combustion engines. However, it is still not clear to international companies how these goals are to be implemented.

“Leaders can mobilize much greater funds from international investors to accelerate the global clean energy transition by agreeing to end all fossil fuel subsidies by 2025 and to end to coal-fired power generation and internal combustion engines by 2030. At the Petersberg Climate Dialogue, the G7 has an opportunity to follow up on its commitments with vital concrete action,” says

Sophie Punte, Managing Director of Policy of the We Mean Business Coalition, an international coalition working with more than 7.800 companies.

German companies would also like to see even more commitment to accelerating the energy transition, with only days remaining before a possible end to Russian gas supplies. In order to produce the raw materials required for the energy transition, such as steel, metals and chemical products, in line with the 1.5° path, they need competitive energy prices. “The basic prerequisite for the transformation of the economy, especially the energy-intensive industry, is the availability of renewable energy in sufficient quantities and at competitive prices. What matters now is significantly accelerated planning and approval procedures” says Dr Christian Hartel, Chairman of the Managing Board of Wacker Chemie AG.

In addition to the Climate Club, it will also be essential to define the G7 Green Hydrogen Action Pact and the Just Energy Transition Partnerships (JETP's) with other countries in the year's second half. “The faster we close a looming “gas gap” through functioning partnerships for green hydrogen, the better we strengthen industrial transformation and Germany as an industrial location” emphasises Bernhard Osburg, CEO of thyssenkrupp Steel Europe AG.

German companies see transatlantic cooperation as key in implementing the G7 resolutions. “Especially in times of multiple crises, we rely on cooperation with trustful partners. The transatlantic partnership is more important than ever for us as the world's largest copper recycling company. We have to think of strategic resilience and climate protection together” underlines Roland Harings, CEO of Aurubis AG.

While German companies are sticking to their climate targets, they are also working flat out to make themselves more crisis-proof. Shortly before the cabinet meeting on the Climate Protection Immediate Programme last Wednesday, the Stiftung KlimaWirtschaft presented 18 specific measures to increase climate protection and resilience. These measures were developed in close cooperation with leading companies. “The German economy bears great responsibility when it comes to the sustainable transformation toward climate neutrality. In order for the energy transition to succeed internationally, energy efficiency measures must be strengthened in addition to the expansion of renewable energies. The building sector in particular offers enormous potential for energy savings. The German government must not lose sight of this important factor. Energy efficiency must finally be strengthened nationally and internationally with a feasible financing target” says Andreas Engelhardt, CEO of Schüco International KG.

With the G7 presidency and the largest economy in the EU, Germany must recognise its special responsibility and follow up the speeches with specific implementation steps. The business sector stands ready to do its part for climate protection and resilience.

More information

- The impulse paper “For climate protection and Resilience” can be downloaded (in German) at <https://klimawirtschaft.org/publikationen/positionen/fuer-klimaschutz-und-resilienz>
- The opinions article “Energy transition now: what companies expect from the G7 Summit” by Sabine Nallinger and María Mendiluce is available (in German) at <https://background.tagesspiegel.de/energie-klima/energiewende-jetzt-was-unternehmen-vom-g7-gipfel-erwarten>

About Stiftung KlimaWirtschaft (previously Stiftung 2°)

The KlimaWirtschaft Foundation is an initiative of CEOs, managing directors, and family businesses. It was founded in 2011 under the name Stiftung 2° and changed its name to Stiftung KlimaWirtschaft in 2021. The aim of the non-profit foundation is to promote climate action and the sustainable use of natural resources. To this end, the KlimaWirtschaft Foundation pools and activates the willingness of German companies to take responsibility, but also their innovative strength and problem-solving expertise. It approaches politicians in order to point out concrete possibilities for the transformation to climate neutrality. The foundation works independently of political parties and across sectors and industries. The foundation's supporters are: AIDA Cruises, ALDI SÜD Dienstleistungs-GmbH & Co. oHG, Allianz SE, Aurubis AG, DAIKIN Airconditioning Germany GmbH, Deutsche Bahn AG, Deutsche Post DHL Group, DEUTSCHE ROCKWOOL GmbH & Co. KG, Deutsche Telekom AG, Dirk Rossmann GmbH, DRÄXLMAIER Group, EnBW Energie Baden-Württemberg AG, Unternehmensgruppe Gegenbauer, GLS Gemeinschaftsbank eG, GOLDBECK GmbH, HeidelbergCement AG, Interzero Circular Solutions Germany GmbH, Lanxess AG, Otto Group, OTTO FUCHS KG, Papier- und Kartonfabrik Varel GmbH & Co. KG, Phoenix Contact GmbH & Co. KG, PUMA SE, Salzgitter AG, Schüco International KG, Schwäbisch Hall-Stiftung bauen-wohnen-leben, thyssenkrupp Steel Europe AG, Union Asset Management Holding AG, Vonovia SE, VTG Aktiengesellschaft, Wacker Chemie AG.

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