



Business Destination Germany 2022

Focus industry: Renewable energy
Survey



The transformation of German industries is picking up pace

Digitalization in all areas of life and business processes, the increasing focus on environmental protection and sustainability, and demographic and geopolitical changes are all exerting enormous pressure to adapt on all economies and on the companies within them. In the following section we present the fundamental developments and trends in important German industries. Every change requires investment and potentially opens up new business opportunities for local and international investors alike.

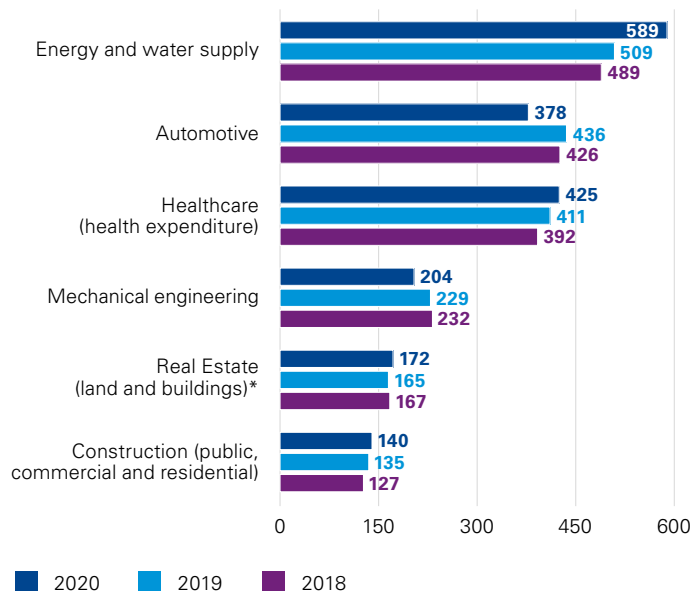


Renewable Energy: turnaround in energy policy and promising hydrogen technology

The focus on climate change by a broad range of stakeholders – from consumers and corporations to governments and investors – has turned from talk to action. In Germany, this turnaround in energy policy is called “Energiewende”. By the government promoting electromobility, the political framework for action is also increasingly expanding into the mobility sector. In this context, renewable energy has a decisive role to play in putting and keeping the world on a sustainable path. It will help cut emissions and greenhouse gases, improve air quality and save resources. As costs drop, efficiencies increase and technologies like battery storage advance, more corporations and institutions are looking to renewables for their energy needs, both onsite and through procurement. However, to make this energy transition a long-term success, storable energy units are needed as an alternative to fossil fuels. The federal government, therefore, announced a national hydrogen strategy in June 2020 and underpinned it with an action plan, funding programs and initiatives.

Transformation is also attracting the notice of newer players, such as asset managers and real estate developers, who are starting to incorporate renewable solutions into their projects. Additionally, German consumers themselves are looking for ways to become 100% renewable in their use of energy and are considering alternative technologies and solutions to address the low-carbon challenge. It is clear that there are a growing number of global corporations who want to be part of, and indeed set the agenda for the German “Energiewende”. This trend is reshaping how energy markets will function in the future.

Sales figures for important industries and markets in Germany 2018–2020 (figures in billion EUR)



* The Real Estate category includes landlord, broker or intermediary activity in one or more of the following areas: selling, buying, renting real estate or providing other services in connection with real estate

Sources: German Federal Office of Statistics; Eurostat; German construction industry (“Das deutsche Baugewerbe”)

“For years, the transformation of energy systems and the increasing use of technologies and digitization have determined the agenda of the energy industry. Consumer behavior increasingly determines innovation activity. Growing consumer awareness, smart cities, a sustainable hydrogen economy and electromobility create great opportunities for the energy industry to enter new markets. However, cross-cutting trends such as decarbonization or the electrification of infrastructure are blurring industry boundaries. Germany specifically faces challenges in terms of nuclear and coal fired power generation exits, as well as creating a backup and grid system to secure supply and transport of renewable energies from north to south. Timing and aligned measures will be critical over the next years.”



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