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ClimateTech is the missing piece in the net zero puzzle

- ClimateTech industry to generate EUR 600 billion in annual turnover by 2030
- Report finds Europe at risk of falling behind U.S. and China
- Public investment isn't enough—significant private investment necessary, as well as common EU platform and PPPs

Munich, Germany/New York, N.Y., September 25, 2023—[A report released today by Allianz Economic Research, Allianz X, UnternehmerTUM, and UVC Partners highlights the central importance of ClimateTech to the global transition to net zero.](#) The ClimateTech industry, it notes, is poised for explosive growth, projected to reach a market size of EUR 600 billion in annual turnover by 2030. However, Europe's position in this emerging sector is at risk, the reports states, with the continent falling behind the US and China—without further efforts—as ClimateTechs move to the most favorable markets. It finds that the investment gap in the European energy sector alone is as high as EUR 200 billion per year. Despite a boom in ClimateTech investments reaching almost USD 100 billion worldwide in 2022, funding is unevenly distributed among sub-sectors. The report offers policy recommendations to bolster Europe's ClimateTech industry by, among others: creating a common EU platform for funding access, increasing collaboration between the private sector and research institutions, attracting institutional capital, reducing bureaucratic hurdles, and mandating procurement of climate tech solutions.

The EUR 600 billion opportunity

The global transition to a net-zero future hinges on a competitive ClimateTech industry. Europe's energy autonomy and the goal of a 55% greenhouse gas emission reduction by 2030 require robust ClimateTech innovation. The industry's projected value of EUR 600 billion by 2030 underscores its significance. However, both China and the US have surged ahead in clean energy investments, emphasizing the need for rapid action in Europe.

The recent decision by Marvel Fusion, a German nuclear fusion startup, to establish a laser fusion factory in collaboration with Colorado State University highlights the urgency of strengthening Europe's ClimateTech position.

“If the EU does not match some form of support like the US and China, the fusion energy industry and others such as batteries are unlikely to develop well and survive in the EU,” said Lucio Milanese, Co-Founder of Proxima Fusion, a European ClimateTech startup featured in the report as a case study.

The funding gap

To support the net-zero transformation, substantial public and private investments are essential. However, the current investment landscape falls short. The International Energy Agency (IEA) estimates that annual global clean energy investments of USD 4.5 trillion are needed by 2030. The EU alone requires EUR 1.5 trillion annually between 2021-2030, which is EUR 700 billion more per year than current levels. According to the study, EUR 560 billion of this would have to come from the private sector and EUR 140 billion from the public sector.

“Europe [...] needs to make public financing approvals more efficient and increase investment volumes in European ClimateTech,” said Markko Waas, CEO & Founder of Claims Carbon, a European ClimateTech startup featured in the report as a case study.

Current annual clean energy investments in the EU are around EUR 400 billion, leaving a substantial gap. The public investment gap for energy alone is approximately EUR 40 billion annually, with an additional EUR 160 billion from the private sector required. [Allianz, for its part, will invest an additional EUR 20 billion by 2030 in ClimateTech and CleanTech solutions globally](#). It is already a major investor in green energy infrastructure, including wind and solar farms, green hydrogen, and green ammonia.

While the EU budget allocates over EUR 578 billion for the green transformation, national initiatives are also emerging. Germany recently announced a EUR 212 billion climate and transformation fund, while France plans a EUR 500 million annual tax credit in support of wind, solar power, heat pumps, and batteries. Benelux and Nordic countries are also launching ambitious climate-related industrial policies. It’s a start, but much more is needed.

The technology gap

Innovation is crucial for achieving net-zero goals. Mature technologies alone will contribute to only 25% of required CO₂ emissions reductions. Over 75% of emissions reductions must come from emerging technologies. To achieve this, USD 3.3 trillion in average annual investments in innovative technologies is needed between 2020-2040.

Venture Capital to the rescue?

ClimateTech Venture Capital (VC) and Private Equity (PE) investments have been increasing. Global VC and PE investments in ClimateTech and CleanTech companies rose from USD 43.3 billion in 2019 to USD 97.3 billion in 2022. European companies secured approximately 30% of these funds in 2022, with promising potential for growth. However, there is a funding mismatch, with the highest-emission sectors receiving less funding than others.

Call to action: Policy recommendations

While ClimateTech investments have grown, further efforts are required to create a globally competitive industry. Policy recommendations include streamlining funding, creating a common EU platform for funding access, supporting long-term financing through blended financing, and mandating procurement of climate tech solutions.

“French public and private investors are well positioned to fund EV infrastructure. However, standardization at the European level is crucial, for example in the case of CO₂ emission certificates,” said Vincent Gaillard, Deputy CEO of Electra, a European ClimateTech startup featured in the report as a case study.

Other recommendations involve attracting institutional capital, improving capital market conditions, increasing collaboration between the private sector and research institutions, and reducing bureaucratic hurdles.

“If companies want to do an IPO, they will do one. Unfavorable market conditions in Europe will lead to IPOs abroad,” said Arthur Singer, Co-Founder of STABL, a European ClimateTech startup featured in the report as a case study.

Europe has a tremendous opportunity to lead in the ClimateTech industry. However, urgent and concerted efforts are needed from policymakers, investors, and scientific institutions. The time to act is now.

[Download the report from the Allianz website.](#)

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About Allianz

[The Allianz Group](#) is one of the world's leading insurers and asset managers with more than 122 million* private and corporate customers in more than 70 countries. Allianz customers benefit from a broad range of personal and corporate insurance services, ranging from property, life and health insurance to assistance services to credit insurance and global business insurance. Allianz is one of the world's largest investors, managing around 714 billion euros** on behalf of its insurance customers. Furthermore, our asset managers PIMCO and Allianz Global Investors manage about 1.7 trillion euros** of third-party assets. Thanks to our systematic integration of ecological and social criteria in our business processes and investment decisions, we are among the leaders in the insurance industry in the Dow Jones Sustainability Index. In 2022, over 159,000 employees achieved total revenues of 152.7 billion euros and an operating profit of 14.2 billion euros for the group***.

* Including non-consolidated entities with Allianz customers.

** As of June 30, 2023.

*** As reported – not adjusted to reflect the application of IFRS 9 and IFRS 17.

About Allianz X

[Allianz X](#) invests in digital frontrunners in ecosystems relevant to insurance and asset management. In just a few years, it has grown to a portfolio of almost 30 companies and AuM of approximately 2 billion euros. Allianz X has counted 11 unicorns among its portfolio so far. The heart and brains behind it all is a talented team of around 40 people. As one of the pillars of the Allianz Group's digital transformation strategy, Allianz X provides an interface between Allianz Operating Entities and the broader digital ecosystem, enabling collaborative partnerships in insurtech, fintech, and beyond. As an investor, Allianz X supports mature digital growth companies to take the next bold leap and realize their full potential. Keep up with the latest at Allianz X on [Medium](#), [LinkedIn](#), and [X \(formerly Twitter\)](#).

About UnternehmerTUM

[UnternehmerTUM](#), a non-profit founded in 2002 by the entrepreneur Susanne Klatten, is the leading center for innovation and business creation in Europe with more than 50 high-growth technology startups every year - including Celonis, Konux, Liliium, and Isar Aerospace. UnternehmerTUM is a unique platform for the development of innovations. It actively identifies innovative technologies and initiates new business through the systematic networking of talents, technologies, capital, and customers. UnternehmerTUM offers founders and startups a complete service from the initial idea to IPO. A team of over 400 experienced entrepreneurs, including scientists and investors, support startups with business creation, market entry, and financing – as well as with venture capital. For established companies, a team of experienced consultants offers access to the UnternehmerTUM ecosystem. UnternehmerTUM has many years of expertise in the development of innovation strategies and the implementation of technology-driven business ideas.

About UVC Partners

[UVC Partners](#) is a Munich and Berlin-based early-stage venture capital firm that invests in European B2B startups in the areas of enterprise software, industrial technologies, and mobility. The fund typically invests between € 0.5m - 10m initially and up to € 30m in total per company. Portfolio companies benefit from the extensive investment and exit experience of the management team as well as from the close cooperation with UnternehmerTUM, Europe's leading innovation and business creation center. With over 300 employees and more than 100 industry partners, UnternehmerTUM can draw from many years of experience in establishing young companies. This cooperation enables UVC Partners to offer startups unique access to talent, industry customers, and other financial partners.

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