

Dear All

Last week was a historic set of announcements led by President Biden and the USA. This will have a significant impact on the way business is done and products are created for the future.
Here are my learnings from across the world on this topic.

1. President Biden had promised a \$ 2 trillion green energy investment plan as part of his election promise.
2. President Biden returned to the tenets of the Paris accord last week in a video call with 40 global leaders and most of them also agreed that it was necessary for the world to do so.
3. The US committed to reduce 50 % of carbon emissions by 2030, using 2005 as the base year. Europe has passed into law , mandating a 55 % reduction by 2030 , using 1990 as the reference year.
4. The US thesis is based on new technologies – hydrogen, carbon capture. Us is dependent on new green technology an private sector investments. For Europe it is a way of life.
5. The EU uses regulation and an advanced system of carbon pricing and investment in energy innovations. The EU used the Trump years to get ahead of everybody else. Eu has regulation on car emissions, on renovations in buildings. The EU has a emission trading scheme and plans to impose carbon adjustment tax on all goods coming into EU. This might apply by June and US is resisting such a move.
6. The US has tried a few things, notably in California. Venture capitalists lost half their \$ 26 billion investment between 2006 and 2011 in the US behind clean tech. Despite these setbacks, the US is committed now.
7. Japan announced a 46 % carbon emissions reduction by 2040, with 2013 as the base year.
8. Honda car company announced that it will end the sales of petrol and diesel cars by 2040. This is a huge ambition, Honda has an alliance with General Motors. It plans to have at least 80 % of the cars going this route by 2035. The Hinda plan is to go 80 % in both North America and China. It hasn't specified Europe as it has low share in the US and also emission laws are tougher in Europe.
9. Honda is investing \$ 46 billion in R and D over the next 6 years into solid state batteries etc. They plan to have most of it ready by the second half of the 2020s.
10. Solar pricing has come down by 80 % in the last decade thanks to the push on panel prices from China.
11. Most people expect this environmental push to create the biggest business opportunity in the 21 st century.
12. Vale, the Brazilian company committed to making low carbon steel last month.
13. The US had a challenge at hand. Automation and globalization took away many of the US manufacturing jobs. In 1945, 33 % of Americans were employed in manufacturing, by 2020, it had come down to 8 %. Clean tech will take away jobs and new ones need to be created. For example, a fully battery operated car needs 66 % of employees compared to a IC engine car. Politicians in the US try and protect the Oil, gas and Coal industries.
14. The US has benefitted from clean tech. Power plants Co2 emission has come down by 36 % in the last decade even though many people warned Obama not to do it. Electricity costs dropped 14 % in the last decade in the US.
15. For the US, the challenge is real, it is technologically feasible, it is environmentally required and important , and economically and with jobs a big gamble.
16. US scientists point out that a new source of energy takes 50 years to come to a 10 % market share and takes another 50 years to come to a 50 % market share. Will this round be different?

One thing is clear, we need to step up on all aspects of sustainability, water, products, planet impact, people impact. This will make or break businesses in the coming years.

Feedback welcome

Wr
shiv