

*A Call to Action*

# GERMANY, WE HAVE TO ACT!

*An Initiative for a Stronger German Economy:*  
*wir-muessen-machen.de*



# FOREWORD

## GERMANY, WE HAVE TO ACT!

The German economy is facing enormous challenges. Against the backdrop of growing geopolitical tensions and an intensifying climate crisis, 2025 marks the third year of recession. **The "Made in Germany" brand identity, once synonymous with world leading innovation, has become tarnished in the face of numerous headwinds.**

**As progressive business leaders, we view the targets enshrined in the Paris Agreement as a crucial driver of innovation, for only a commitment to climate neutrality can bolster the competitiveness of German companies, thus safeguarding domestic jobs and prosperity.** Many leaders in the private sector have gone the extra mile in recent years, making extensive investments in the transition to climate neutrality. However, the long-term success of this transition will depend crucially on forward-looking and pragmatic economic and investment policy that ensures stable and reliable conditions for doing business.

**We call on the new federal government to place a key focus on adopting economic policy that provides companies with the stability they require.** The pressure on the German private sector from international competitors has perhaps never been greater. We cannot afford further delay if we want domestic industry to be an engine of growth in the 21st century.

With the aim of drawing attention to the pressing challenges that we face on the road to climate neutrality, we have launched a campaign titled **"Germany, We Have to Act!"**

**Specifically, we call on the new German government to take action in the following areas.**

# 1. ENSURE RELIABLE CONDITIONS FOR INVESTMENT

The EU Emissions Trading System (ETS) is an effective and efficient policy instrument for promoting climate action. As ETS certificates are gradually withdrawn from the system, higher carbon prices will compel companies to make substantial investments in climate neutrality in the coming years and decades. In this connection, continuous changes to climate-related policies that impair the ability of companies to plan for the future must be avoided at all costs, as they discourage companies to make domestic investments. **To reduce private-sector uncertainty, we urge government to collaborate with business leaders as part of a long-term "transition partnership" that ensures stable investment conditions across legislative cycles.** Reliable conditions are needed above all for investment in net-zero technologies in the energy, construction, manufacturing, and transportation sectors.

# 2. PROMOTE A CLEAN ENERGY SYSTEM THAT IS RELIABLE AND AFFORDABLE

Investing in renewable energy systems is key to ensuring a resilient and affordable energy supply. However, the billions required to expand the power grid are negating the cost benefits brought by renewable energy. **We therefore need an honest debate on how we can implement the energy transition in a cost-effective manner.** Instead of the system costs being borne solely by current users in the form of grid usage fees, we are calling for the costs to be spread over several generations. **Grid usage fees need to be reduced by at least half. In addition, the electricity tax must be permanently reduced.** Higher renewable-energy shares in the power mix will require greater integration between energy sectors. In the interest of enhancing security of supply, we need policies that foster innovation in energy storage and ensure an adequate, flexible backup power plant fleet.

# 3. UNLOCK PRIVATE INVESTMENT

Germany must once again become attractive for investment. **Yet ensuring reliable conditions for doing business as well as affordable energy prices is not enough.** We should also provide tax breaks to companies that wish to invest in modernization projects as part of their journey to climate neutrality. Investment grants and easy-to-implement super tax depreciation rules would be a good way to unlock greater private-sector investment.

## 4. MAINTAIN PUBLIC-SECTOR INVESTMENT

According to the German Economic Institute (IW), an additional 600 billion euros in public-sector investment (beyond that already budgeted) is required over the next ten years. In addition to the required investment in infrastructure, a large share of this gap is attributable to the required investment in the transition. In the absence of this investment, Germany will continue to lose attractiveness as a location for business. **Given that financing constraints have hindered the German government from allocating the required levels of investment, we urge German policymakers to implement a robust, long-term budgetary framework that guarantees the availability of necessary funds.**

## 5. SUPPORT THE RAMP-UP OF CLIMATE-FRIENDLY PRODUCTS

Reliable demand for climate-friendly products is essential for preserving value creation in Germany. **We call on the German government to adopt a pragmatic combination of policies that encourages the broad uptake of climate-friendly products.** Specifically, we advocate internationally harmonized product standards (at the EU level and beyond), targeted tax incentives, and public procurement rules that promote reliance on low and zero emission primary materials (such as cement and steel).

## 6. PROMOTE INNOVATION IN GERMANY

Government support is needed to drive innovation and establish new value chains in Germany. However, Germany currently has a plethora of uncoordinated small-scale funding programs. Policy coordination is essential for encouraging the market uptake of new technologies, such as hydrogen-economy solutions or sustainable e-fuels for aviation and shipping. **We need fewer – but more reliable – funding instruments that provide targeted, unbureaucratic support over a clearly demarcated multi-year timeline.** Innovative funding instruments such as carbon contracts for difference (CCfDs) should be streamlined and endowed with greater funding. This will ensure that funding is being allocated more effectively and efficiently.

## 7. ESTABLISH A NEW PRAGMATISM

The German penchant for perfectionism and associated fear of making mistakes can have a paralyzing effect. **In various areas, we need to embrace more pragmatic, straightforward solutions. Businesses have been clamoring for sensible, yet simplified reporting obligations as well as accelerated permitting processes.** We must improve the speed and efficiency of collaboration between federal, state, and local authorities. To address the existing capacity bottlenecks in public administration we should accelerate the digitalization of administrative processes while also investing in highly qualified government employees.

## 8. EMBRACE A LEADERSHIP ROLE FOR GERMANY IN EUROPE

German security and prosperity depend in no small part on a strong and stable Europe. **And the EU, in turn, needs a robust and prosperous Germany.** We call on German policymakers to turn away from the strategy of abstaining on voting at the EU level. The Draghi Report correctly identifies the areas in which action is needed. **Specifically, Germany should seek to lead in the area EU climate policy, the establishment of a single energy market, the development of the Capital Markets Union, and forward-looking industrial policy as part of the Clean Industrial Deal.**

The journey to climate neutrality is a collective task that will require persistent dedication over the next two decades. Transformation means change – and not just for the economy, but for all of us. Politicians must involve society as a whole in this process while ensuring public consensus for change. The companies that make up this alliance are not only committed to ensuring the German economy thrives but also to averting catastrophic climate change, perhaps humanity's greatest challenge. The slogan of our initiative – "Germany, We Have to Act!" – emphasizes the urgency with which society must tackle the challenges we face – not only over the next four years, but beyond.

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