

Brussels renewable energy growth

Through the Paris Agreement, Belgium has committed to achieve net-zero emissions of greenhouse gases by 2050, but the country faces substantial challenges along that road. Because of its dense population and industrialized economy, Belgium's emissions per capita are among the most intensive in Europe (ranked seventh in terms of CO₂ per capita out of 27 EU countries).

This report is a collaborative effort by Frank Bekaert, Tom Clauwaert, Nicolas Denis, Matthias Dossche, Morgane Janssens, Ken Somers, Frederic Vandenberghe, and Tim Vroman, representing views from McKinsey's Sustainability Practice.

This report examines the actions and significant investments that would be needed across sectors for Belgium to address and overcome these challenges. At the same time, it looks at the significant business opportunities that the global net-zero transition could create for Belgian companies and the economy more broadly.

Belgium has core strengths it can leverage as it seeks to reorient its economy to become more sustainable. Our research has identified five specific (albeit nonexhaustive) opportunities that the country may consider to generate new green growth: establish Belgium as a European green gateway, provide cleantech solutions for solar, wind, and hydrogen; scale already-strong capabilities in materials recycling; develop service models for deep energy retrofits for buildings; and become a leader in agriculture and food technology through innovation in biotech.

Speed is of the essence to meet decarbonization deadlines according to the Paris Agreement. Key decisions on issues related to funding, resource allocation, infrastructure, long-term energy-supply mix, and regulation will need to be made soon, and the effects of these decisions will be felt for decades to come.

Long-term green financing will need to be available to address the feasibility of some measures for households and industry alike—for example, the retrofitting of housing with insulation and energy-efficient technologies.⁷ For a detailed breakdown of these requirements and the challenges on the path to net zero, see "Solving the net-zero equation: Nine requirements for a more orderly transition," McKinsey, October 27, 2021; and "The energy transition: A region-by-region agenda for near-term action," McKinsey, December 15, 2022.

The global sustainability transition offers green growth opportunities, including for Belgian players. While the scale of Belgium's sustainability transition may seem daunting, the country also has the potential to tap new sources of green growth. The report concludes by outlining five such potential opportunities that would play to Belgium's strengths and allow it to access new value pools, including through exports. This list is not meant to be exhaustive, and Belgium will have other opportunities.

This report is not a playbook or a road map but rather a source of new insights, facts, and data to drive decisions to reach the net-zero objective. It is based on the in-depth analysis of one possible pathway that was in turn based on realistic assumptions and modeled to illustrate the challenges and requirements for a timely transition. Nonetheless, the conclusion remains the same: Belgium could reach its net-zero ambition, but achieving this will require coordinated action. On top of that, Belgium can be ambitious and tap into various value pools that the transition offers globally.

Frank Bekaert and Frederic Vandenberghe are senior partners in McKinsey's Brussels office, where Nicolas Denis and Ken Somers are partners, Tom Clauwaert and Tim Vroman are associate partners, Matthias Dossche and Morgane Janssens are consultants.

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Contact us for free full report

Web: <https://www.sumthingtasty.co.za/contact-us/>

Email: energystorage2000@gmail.com

WhatsApp: 8613816583346

