

»» US climate policy jeopardises SMEs' energy efficiency gains



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According to estimates by the International Energy Agency (IEA), small and medium-sized enterprises (SMEs) around the world account for at least 13% of total final energy consumption.¹ Broad and ambitious energy saving measures across the SME sector can hence make an important contribution to climate action.

SMEs in the USA are ahead in energy efficiency measures

SMEs in the USA, in particular, have taken a giant leap forward in the past years, as shown by a survey conducted by KfW Research among more than 3,000 businesses in ten important industrial and emerging economies.²

Some 29% of small and medium-sized enterprises in the USA adopted energy efficiency measures in 2015 and 2016 – more than in any other economy surveyed. Nearly one third have recently explored ways of improving their energy efficiency. And although one fifth of small and medium-sized enterprises have not yet taken steps, they do see a need for action (see Figure below).

The fact that SMEs in the USA top the list is an expression of their great need to catch up in comparison with businesses in Germany and other European countries. After China, the USA is still the country with the world's highest primary energy consumption. The US SMEs' top spot is also a result of the previous US administration's climate change policy under which the country signed the Paris climate change agreement in 2015.

New US climate policy jeopardises achievements

With its announcement in early June to pull out from the Paris climate change agreement, the US administration is now rolling back its climate change policy and thereby threatening SMEs' further progress on climate action.

After all, compliance with legal requirements and reduction of energy costs are two important motives for SMEs to implement energy efficiency measures. If national climate action regulations are softened and energy prices drop in the USA as a result of the

'America First Energy Plan', this is likely to negatively impact on the implementation of energy efficiency measures in US SMEs.

Energy efficiency ensures competitiveness in the long run

Hope remains that large US corporations, municipalities and federal states that clearly embrace climate change action irrespective of national policy will be able to continue to lend further momentum to energy efficiency in SMEs as well. If small and medium-sized enterprises in the USA continue their efforts to improve energy efficiency and reduce their energy costs in spite of changed conditions, they will not just make an important contribution to climate change action but will also help to secure their own international competitiveness in the long term. In doing so, they should also keep an eye on competitors in emerging economies such as China, where energy efficiency and climate action are playing an increasingly prominent role. ■

Figure: SMEs in the USA have recently been very proactive in implementing energy efficiency measures



Note: Weighted percentage of all enterprises in a country to which the respective statement applies. In principle, several statements can apply to one enterprise.

Source: KfW Competitiveness Indicator 2016

¹ See International Energy Agency (2015): Accelerating Energy Efficiency in Small and Medium-Sized Enterprises, Paris, and the studies quoted therein.

² For details on the survey and further findings see Abel-Koch, J. (2016): KfW Competitiveness Indicator 2016 – German SMEs must defend their competitiveness – and continue improving their energy efficiency, KfW Research, Frankfurt am Main.