BCG

Weekly Brief

December 02, 2025

The $7 Trillion Prize

Today, we released our annual report with the World Economic Forum's Alliance of CEO Climate Leaders. This year's focus is on the rise of the green economy and what it means for business. The report finds that the current global market for green technologies has surpassed $5 trillion in annual value, second only to technology as the fastest-growing sector globally. And it's projected to exceed $7 trillion by 2030.

This is an economic reality already in motion, driven by necessity and opportunity. Transportation and energy now make up nearly half of total green market value, but the fastest growth is coming in newer areas such as circularity, food and land use, and carbon management.

I checked in with Patrick Herhold, one of BCG's climate and sustainability leaders and a primary contributor to the report, to get his take on the analysis. According to Patrick, "Three things are striking: the resilience of the green economy, with investments in green technologies jumping from record to record despite shifts in public headlines and sentiments; the opportunity for companies operating in green markets to outperform and earn a premium in capital markets; and China's leadership in manufacturing, deployment, and innovation of green technologies."

Indeed, in 2024, China invested $659 billion in clean energy, nearly 60% more than the next-highest investor. It now leads the world in solar, wind, and battery manufacturing and holds strong positions across nearly every clean-tech value chain. For companies everywhere, this is a moment to reassess competitiveness and supply chains in the context of a fast-shifting industrial order.

The opportunities are significant. The report highlights the commercial playbooks of CEOs whose companies are thriving in the green economy, with case studies from IKEA, ReNew, Bayer, Johnson Controls, and many others. Green revenues grow, on average, at twice the rate of conventional business lines, and companies operating in the green economy typically have access to cheaper capital and enjoy higher valuations. Sustainability and competitiveness are not at odds but increasingly part of an integrated strategy.

An Implementation-Oriented COP

This focus on green markets echoed through the discussions at COP30 in Belém, Brazil, but the geopolitical backdrop made the conference more challenging this year. Global climate policy has slowed, and the UN has predicted that we're on a path to global warming of 2.5° to 3°C by 2100—therefore likely nearing 2°C by 2050.

Even so, there was progress on important initiatives. Highlights included mobilizing more than $6 billion for the Tropical Forest Forever Facility, which aims to generate excess returns that incentivize and monitor forest protection; a commitment by 23 countries to quadruple sustainable fuels by 2035 under Belém 4X; and new public-private mechanisms to accelerate climate adaptation and resilience, including the FINI platform to make national adaptation plans investable. BCG focused on supporting the launch of the five-year COP30 Action Agenda, which aims to turn ambitious investments by governments, businesses, and civil society into tangible initiatives.

In short, COP30 signaled that green growth—and the financing to support it—is becoming embedded in the global economic system. And it was the first COP to acknowledge that we are not on track to reach the goals of the Paris Agreement, increasing the importance of adaptation and resilience alongside mitigation.

Growing Climate Damage

The implications of this warming world are already substantial. In the past year, there was a devastating hurricane in Jamaica, a massive typhoon in the Philippines, severe storms across Southeast Asia, wildfires in Los Angeles, and more. In 2024, extreme weather caused at least $320 billion in economic losses, a 25% increase since 2020, with less than half the damage covered by insurance.

The impact on home prices and insurance is already substantial. For example, a recent *New York Times* article (based on a study by Benjamin Keys and Philip Mulder) details how homeowners in areas confronting the most severe weather risks in the US are facing incremental annual insurance cost increases averaging more than $400 and the reduction of home value growth averaging over $40,000. As insurance costs rise in these areas, renewal rates are declining, exposing homeowners to greater financial risk.

For business leaders, extreme weather is reshaping the challenges they face, and developing a stronger resilience strategy must become a capital-allocation priority. We need to confront the increase in future vulnerabilities head-on and increase preparedness for a warming world.

Until next time,

Rich Lesser
Global Chair

Further Insights

[Already a Multitrillion-Dollar Market: CEO Guide to Growth in the Green Economy]

The green economy is now the world's most dynamic growth sector after technology. Bold bets are paying off.

SEIZE THE OPPORTUNITY

[COP30 Executive Insights: An Action Agenda from Belém]

COP30 renewed the international consensus on climate action despite headwinds and launched a five-year Action Agenda for ambitious organizations.

DISCOVER THE TAKEAWAYS

[Climate Change May Trigger Financial Tipping Points. Here's How Leaders Can Prepare.]

Leaders can anticipate, innovate, and collaborate to help their businesses avoid climate-driven disruption—and create new value.

STRENGTHEN YOUR RESILIENCE