



Why Warren Buffett Isn't Investing in Green Stocks

Description

There's a reason Warren Buffett didn't jump on the green energy bandwagon [recently](#). In fact, there are several reasons. The most obvious is that Buffett isn't one to jump on any bandwagon. He looks for value, and value usually means stocks that investors aren't all that interested in at the moment.

But there are more reasons that the mega investor isn't concerning himself with green energy projects. Let's dig into why.

Warren Buffett's optimism in other areas

Warren Buffett continues to be optimistic about the economy, and that was made clear recently. The billionaire just joined the US\$100 billion club when his net worth reached the coveted number, adding his name to those like Bill Gates and Elon Musk.

This jump came mainly from Buffett's role as chairman and chief executive officer of **Berkshire Hathaway**. While Warren Buffett didn't do all that much investing during the pandemic, the investing he did tended to be in oil and gas. And that's where the true optimism, and growth, comes from.

The oil and gas rebound is clearly underway, and Buffett wants in. Back in July, Buffett invested US\$9.7 billion in **Dominion Energy's** natural gas assets. This was even after not-yet-president Joe Biden announced a US\$2 trillion clean energy plan. This is on top of Buffett's other oil and gas assets, including Canadian oil and gas company **Suncor Energy**.

Why not go green?

But investors are likely still confused by Warren Buffett not investing in green energy. The investment into clean energy from President Joe Biden continues to grow. And it's not just the United States. Globally, analysts believe US\$10 trillion will be invested in clean energy projects in the next decade. That's a lot of investment opportunity.

So, why isn't Buffett interested? It's because there isn't going to be much being produced in the next decade, and it will be years afterwards that we'll see revenue come pouring in. Yes, it will eventually. In fact, it will eventually takeover oil and gas. But Warren Buffett is 90. Some believe it won't be until his 200th birthday that clean energy will have replaced oil and gas. So, it's clear why Buffett doesn't have much interest.

Foolish takeaway

What investors can take away from all this is twofold. You don't have to stick completely to oil and gas, but you shouldn't ignore it either. Every investor's portfolio should be diversified, and if you're younger, then clean energy projects are a great move for your long-term portfolio.

But in either case, you need to think like Warren Buffett. Right now, the world is finally in recovery. That means there is little time to find a valuable price for strong companies. Companies like Suncor stock are great places to start for investors looking for a strong rebound in the next decade and beyond. But if you're also willing to wait a few decades, clean energy companies are also a fantastic option.

While I wouldn't recommend necessarily going with the bandwagon, I would suggest other companies that will provide a necessary service to clean energy. One recommendation would be **Ballard Power Systems** ([TSX:BLDP](#))([NASDAQ:BLDP](#)), which provides fuel cells. These fuel cells are a necessity in powering clean energy assets, everything from buses to UAVs.

Shares in Suncor stock are up 98% since the March 2020 crash, and Ballard stock is up 211% as of writing. Yet both have a long climb to reach all-time highs. So, investors can still look forward to decades of growth from these [valuable](#) stocks. Warren Buffett can't argue with that.

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TICKERS GLOBAL

1. NASDAQ:BLDP (Ballard Power Systems Inc.)
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