



ANGELA MERKEL: THE CLIMATE CHANCELLOR?

by Deirdre Ní Cheallacháin

GERMANY BRIEF

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INTRODUCTION

Discussions surrounding how to legislate for and finance Germany's 2030 Climate Protection Programme continue to dominate political discourse in Berlin. The twenty-three-page document, entitled "Cornerstones for the Climate Protection Programme 2030", was unveiled by the Climate Cabinet at the Futurium in Berlin on 20 September 2019 against the backdrop of "Fridays for Future" demonstrations taking place throughout Germany and the world. This briefing outlines the economic and political context in which this programme was launched and provides an overview of Germany's climate protection programme, as well as how it fits into the Chancellor's legacy as the Climate Chancellor.

WHAT IS THE CLIMATE CABINET?

As pledged in the 2018 grand coalition government contract, Chancellor Merkel established the Climate Cabinet in March 2019 with the aim of introducing a climate protection bill by the end of 2019 to enable Germany to meet its 2030 national targets of reducing greenhouse gas emissions by 55% compared to 1990 levels and of having a renewable energy share of 65%. The Climate Cabinet is comprised of Chancellor Merkel, Chancellery Chief Helge Braun, Finance Minister Olaf Scholz, Environment Minister Svenja Schulze, Government Spokesperson Steffen Seibert, Agriculture Minister Julia Klöckner, Transport Minister Andreas Scheuer, Interior Minister Horst Seehofer and Economy Minister Peter Altmaier. The 2030 Climate Protection Programme set out by the Climate Cabinet will serve as the basis for Germany's Climate Protection Bill.

ECONOMIC CONTEXT

Germany's largest industry — automotive manufacturing — is not only a sizeable generator of employment and exports, but also of carbon emissions. While the energy efficiency of cars has increased, so too has the number of vehicles on German roads. The carbon-intensive car culture in Germany has been subject to increased scrutiny and the Federal Administrative Court ruled in

February 2018 that cities may be permitted to put driving bans in place for diesel vehicles in certain areas.¹ Increasingly high emission standards have also given rise to difficulties in reconciling economic concerns with ecological ones, which were crystallised in protests at the Frankfurt Motor Show in September 2019 when Merkel characterised the challenge of meeting emission targets in the transport sector as a "herculean task".²

POLITICAL CONTEXT

Politically, the rise in support for the Greens at state and European elections, as well as in Federal polls, has propelled Chancellor Merkel's Grand Coalition into action. Securing 8.9% of the vote in the Federal election in September 2017, the Greens would have been kingmaker in a three-way coalition with the CDU/CSU and the FDP but for the FDP's decision not to enter into coalition. The Bavarian State elections in October 2018 saw the Greens double in popularity in the regional economic powerhouse, taking 17.5% of the vote to come in second. The Green Party is currently a coalition partner in nine State governments, a number which could rise to eleven, depending on the outcome of negotiations in Brandenburg and Saxony where the Greens secured modest increases in state representation to 10.8% and 8.6% respectively. At European Parliament level, the Greens took 20% of the vote and they are currently polling at 22% at Federal level, in second place to the CDU/CSU, according to the latest figures.³

FROM ENVIRONMENT MINISTER TO CLIMATE CHANCELLOR

Historically, Chancellor Merkel has strong green credentials. A former Environment Minister from 1995 to 1998 in then Chancellor Helmut Kohl's cabinet, she positioned Germany as a global leader in the effort to reduce carbon dioxide emissions, presiding over the UN Climate Conference held in Berlin in 1995 and negotiating the Kyoto Protocol in 1997.

Following her appointment as Chancellor in 2005, Angela Merkel proposed EU targets for cutting carbon emissions at the March 2007 European summit. Later the same year, she hosted the World Economic Summit of the G8 industrialised countries during which she prioritised climate action. She was dubbed the "Climate Chancellor" by the German

¹ <https://www.bverwg.de/pm/2018/9>

² <https://www.bloomberg.com/news/articles/2019-09-12/merkel-offers-to-help-germany-s-carmakers-with-herculean-task>

³ <http://www.wahlrecht.de/umfragen/insa.htm>

press, and a photo of her at the melting Egi glacier in Greenland became an iconic representation of her political engagement with climate change policy efforts. Germany established itself as a forerunner in the development of renewable energy infrastructure for wind, biomass and solar power.⁴

Chancellor Merkel reacted swiftly to the 2011 Fukushima Daiichi nuclear disaster, reversing her decision not to honour the Gerhard Schröder-led SPD/Greens coalition pledge to phase out nuclear power. In the context of anti-nuclear sentiment in the wake of the disaster, Chancellor Merkel recommitted to the phase-out of nuclear power in Germany by 2022.⁵

However, her support for EU-led action has been mixed in more recent years, pushing back against climate action efforts, such as in June 2013 during the Irish Presidency of the European Council when she asked then Taoiseach Enda Kenny to take the subject of car emissions off the European Summit agenda.⁶

On the international stage in 2015, she lived up to her title of Climate Chancellor in the negotiation of the Paris Climate Agreement in a feat of climate diplomacy. Commentators have observed how she has shown much negotiating might and political influence.⁷ Based on consensus and trust as opposed to country-specific goals, the Paris Agreement commits states parties to develop targeted national policies to limit global warming to 1.5 degrees Celsius and to achieve climate neutrality by 2050.

In November 2018, the European Commission presented a strategy to achieve climate neutrality in the EU by 2050. Nine Member States expressed support at an informal EU summit in Sibiu in May 2019.⁸ While initially refraining from joining the nine countries' support for a climate neutrality strategy, Chancellor Merkel voiced support at the Climate Dialogue later in May 2019 for the EU's proposed climate neutrality objective for 2050.⁹ A significant number of Member States subsequently followed Germany and pledged support. All EU Member States, with the exception of the Czech Republic, Poland and Hungary, have expressed support for the EU's proposed 2050 carbon neutrality objective.¹⁰ This further demonstrates Germany's influence in

climate protection diplomacy. European Commission President-elect Ursula von der Leyen, Chancellor Merkel's former Federal Cabinet colleague and Defence Minister, has pledged to legislate for this target within the first 100 days of office at EU level.¹¹

CLIMATE PROTECTION PROGRAMME 2030

The Climate Protection Programme 2030 was agreed following an intensive nineteen hour negotiation session between the members of the Climate Cabinet on 20 September 2019. The Programme provides a basis on which to enshrine climate action in legislation and contains concrete dates by which to phase out coal as well as commitments to infrastructure investments. Amounting to €54 billion, the Programme will be budget-neutral, meaning no new debt will be assumed in its execution. This will enable the government to maintain its "black zero" policy of no fiscal deficits.

The most salient measures include:

1. Carbon pricing scheme

According to the Programme, companies will have to purchase certificates from the state for carbon emissions. Starting at €10 a tonne in 2021, the price of CO₂ per tonne will rise to €20 in 2022 and then will be increased by €5 each year to reach a price of €35 per tonne in 2025. In 2026, the certificates will be auctioned in a price range between €35 and €60 a tonne.¹²

2. Legally binding reduction emissions targets per sector

The legal limit of CO₂ emissions for six sectors is set out in the Programme for each year from 2021 to 2030. The six sectors are: energy, transport, buildings, agriculture, industry, and waste management. The relevant ministry will be responsible for ensuring that the limit is not exceeded in the respective sector for which they are responsible (for example the Transport Minister will be responsible for the transport sector).¹³

4 https://www.ecologic.eu/sites/files/publication/2019/3537-kohlereader_englisch-final.pdf

5 <https://www.renewableenergyworld.com/2009/04/03/germany-the-worlds-first-major-renewable-energy-economy/>

6 <https://www.rte.ie/news/2013/0628/459502-germany-defends-car-emissions-stance/>

7 <https://www.ft.com/content/5aacd2c4-debf-11e9-9743-db5a370481bc>

8 <https://www.edie.net/registration/regwall.asp?mid=116272&origin=https%3A%2F%2Fwww%2Eedie%2Enet%2Fnews%2F6%2F Merkel%2Dsends%2Dfirst%2Dstrong%2Dmessage%2Dfor%2Dclimate%2Dneutrality%2Dby%2D2050%2F&title=Merkel+sends+first+strong+message+for+climate+neutrality+by+2050>

9 <https://www.bundeskanzlerin.de/bkin-en/news/speech-by-federal-chancellor-dr-angela-merkel-at-the-xth-petersberg-climate-dialogue-berlin-14-may-2019-1612592>

10 <https://www.theguardian.com/environment/2019/jun/20/eu-leaders-to-spar-over-zero-carbon-pledge-for-2050>

11 <https://www.politico.eu/article/timmermans-climate-commission-european-green-deal/>

12 Eckpunkte für das Klimaschutzprogramm 2030: <https://www.bundesregierung.de/resource/blob/997532/1673502/768b67ba939c098c994b71c0b7d6e636/2019-09-20-klimaschutzprogramm-data.pdf?download=1> page 5-18

13 Eckpunkte für das Klimaschutzprogramm 2030: <https://www.bundesregierung.de/resource/blob/997532/1673502/768b67ba939c098c994b71c0b7d6e636/2019-09-20-klimaschutzprogramm-data.pdf?download=1> page 5-18

3. The share of renewable energy

The programme contains a goal to increase the renewable share of energy to 65% by 2030, building on Germany's policy of energy transition (Energiewende). Coal will be phased out by 2038 and wind power infrastructure will be expanded.¹⁴

4. Electric cars: 10 million by 2020

A target to increase the number of zero-emission electric cars to 10 million by 2030 is outlined, and a network of 1 million charging stations is to be established. The Programme also contains measures to expand and build on existing incentives, extending tax exemptions on purchase until 2025 and raising cash incentives for e-car models below €40,000. These measures will be jointly funded by the government and industry. High-emission cars will also be taxed at a higher rate from 2021.¹⁵

5. Public transport

Deutsche Bahn, the state-owned German railway operator, will receive €1 billion each year until 2030 to increase the speed of, as well as to expand, connections. Railway trips will also be incentivised by reducing VAT on tickets, from 19% to 7%.¹⁶

6. Surcharges on flights

From 2020, flights from Germany will be subject to a higher tax to incentivise rail travel.¹⁷

7. Higher tolls for trucks

Road tolls for trucks will be increased from 2023.¹⁸

HOW HAS THE 2030 CLIMATE PROTECTION PROGRAMME BEEN RECEIVED?

The Climate Cabinet's programme has received a mixed reception. The Greens have heavily criticised the programme on the grounds that the carbon pricing system is on too low a scale, advocating for a starting price of €40 per litre of carbon dioxide (four times the amount put forward in the Programme), echoing the stance expressed by an alliance of ten environmental associations that the package is a "conglomeration of expensive incentive programs".¹⁹ Professor Ottmar Edenhofer, Director of the Potsdam Institute for Climate Impact Research, been also been strongly critical of the Programme, stating that the carbon pricing system in the Programme will not be sufficiently effective in ensuring that Germany meets the 2030 targets. He had recommended a starting price of €50 per tonne of carbon dioxide, which would then gradually rise to €130 by 2030.²⁰ He presented a report to the Climate Cabinet outlining how to introduce a carbon pricing system that is "socially balanced" in July 2019.²¹ By comparison, the Irish government announced in its annual budget on 8 October 2019 that carbon dioxide would be taxed at a rate of €26 per tonne.²²

Other opposition parties in favour of climate action have also criticised the Programme. The FDP believes that incentives (for example, for electric cars) are ineffective²³ while the Left Party claims that middle to low income earners will be inordinately affected.²⁴ This criticism was echoed by Professor Edenhofer.²⁵ The AfD presented its own climate protection programme the day before the Climate Cabinet's, calling for a stop to the expansion of renewable energies and claiming that unilateral climate action damages Germany's industrial competitiveness.²⁶ Other stakeholders, such as German Rail, have welcomed the outline, commending the investment pledges in rail infrastructure. Germany's automaker lobby group VDA welcomed the quantity-based approach to CO2 pricing as well as the incentives to promote electric mobility.

14 Eckpunkte für das Klimaschutzprogramm 2030: <https://www.bundesregierung.de/resource/blob/997532/1673502/768b67ba939c098c994b71c0b7d6e636/2019-09-20-klimaschutzprogramm-data.pdf?download=1> page 17

15 Eckpunkte für das Klimaschutzprogramm 2030: <https://www.bundesregierung.de/resource/blob/997532/1673502/768b67ba939c098c994b71c0b7d6e636/2019-09-20-klimaschutzprogramm-data.pdf?download=1> page 9

16 Eckpunkte für das Klimaschutzprogramm 2030: <https://www.bundesregierung.de/resource/blob/997532/1673502/768b67ba939c098c994b71c0b7d6e636/2019-09-20-klimaschutzprogramm-data.pdf?download=1> page 12

17 Eckpunkte für das Klimaschutzprogramm 2030: <https://www.bundesregierung.de/resource/blob/997532/1673502/768b67ba939c098c994b71c0b7d6e636/2019-09-20-klimaschutzprogramm-data.pdf?download=1> page 12

18 Eckpunkte für das Klimaschutzprogramm 2030: <https://www.bundesregierung.de/resource/blob/997532/1673502/768b67ba939c098c994b71c0b7d6e636/2019-09-20-klimaschutzprogramm-data.pdf?download=1> page 11

19 <https://www.euractiv.com/section/climate-strategy-2050/news/environmentalists-want-revision-of-germanys-newly-proposed-climate-package/>

20 <https://www.euractiv.com/section/climate-strategy-2050/news/environmentalists-want-revision-of-germanys-newly-proposed-climate-package/>

21 https://www.mcc-berlin.net/fileadmin/data/B2.3_Publications/Working%20Paper/2019_MCC_Optionen_für_eine_CO2-Preisreform_final.pdf page 4

22 <https://www.rte.ie/news/budget-2020/2019/1008/1081870-carbon-tax-to-be-increased-by-6-per-tonne/>

23 <https://www.tagesschau.de/inland/btw17/programmvergleich/programmvergleich-klimaschutz-101.html>

24 <https://www.stern.de/politik/klimaschutzprogramm-2030--das-sind-die-konkreten-schritte-8915224.html>

25 https://www.mcc-berlin.net/fileadmin/data/B2.3_Publications/Working%20Paper/2019_MCC_Bewertung_des_Klimapakets_final.pdf page 10

26 <https://www.euractiv.com/section/climate-strategy-2050/news/environmentalists-want-revision-of-germanys-newly-proposed-climate-package/>

Public broadcaster ARD released a survey conducted in the wake of the launch of the Climate Protection Programme showing that 63% of German voters want the government to prioritise climate, even at the cost of economic growth.²⁷

WHAT NEXT?

The Climate Protection Bill

The Climate Protection Bill was approved by the Federal Cabinet on 9 October 2019. Opposition parties, as well as factions within the Grand Coalition, have expressed concern that the bill dilutes the measures put forward by the Climate Cabinet. Other points of contention include the absence of a control mechanism to monitor the sector emission limits and the use of the verb “to strive for” (*erzielen*), instead of “to achieve” (*erreichen*), with regards to reaching carbon neutrality by 2050.²⁸ The Bill will now need to be approved by the Federal German Parliament and Federal German Senate. For some parts of the Programme’s implementation, State Parliaments’ approval will also be needed. On 16 October 2019, further measures were approved by the Federal Cabinet aimed at making rail travel cheaper and air travel more expensive, as set out in the climate protection programme. The tax on rail tickets will be lowered from 19% to 7%. Flights inside Europe will rise to €13.03. Flights under 600km will be raised to €33,01 and Flights over 600km will be raised to €59.43.

FINANCING FOSSIL FUEL PROJECTS

On 15 October 2019, the European Investment Bank (EIB) postponed a decision to cease funding fossil fuel projects. Germany has advocated for this on the basis that gas is not as polluting as coal and would therefore aid the transition to cleaner fuels. However, climate experts state that decisive action must be taken to disincentivise fossil fuel consumption. This further indicates German capacity to influence international climate-related policy.²⁹

CONCLUSION

Chancellor Angela Merkel has added political heft to climate change action on the international stage. However, at the UN Climate Summit in New York, three days after the launch of the Climate Cabinet’s

programme, she admitted that Germany could and should do more to combat climate change. She stated that, while Germany is home to only 1% of the world’s population, it is responsible for 2% of global emissions.³⁰ Germany, a highly-industrialised country with the world’s fourth largest economy, has the potential to lead by example and to influence concrete global climate change action.

Whether the Climate Protection Bill will be enough to address the climate action gap and restore the Climate Chancellor’s green credentials remains to be seen, with its targets of a 65% renewable share of energy consumption and a 55% reduction in greenhouse emissions compared to 1990 levels by 2030.

With regards to the renewable share of energy target of 40% by 2020, 2018 figures indicate that Germany is on the right track, with 37.8% renewable energy usage in the electricity sector. However, Germany is on course to miss its nationally set 2020 goal of reducing greenhouse emissions by 40% compared with 1990 levels. If Germany fails to meet its nationally set targets, the Chancellor’s international climate diplomacy efforts could consequently be construed as lacking credibility.

27 <https://www.climatechangenews.com/2019/09/20/germany-announces-host-new-measures-bring-co2/>

28 <https://www.klimareporter.de/images/dokumente/2019/02/ksg.pdf>, page 8

29 <https://www.reuters.com/article/us-europe-eib-fossilfuels/european-investment-bank-postpones-decision-on-fossil-fuel-lending-idUSKBN1WUJPI>

30 <https://www.euractiv.com/section/climate-environment/news/un-climate-summit-day-2-few-announcements-in-the-end-how-dare-you/>

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