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**BRIEFING PAPER** SEPTEMBER 2017

## PRE-ELECTION BRIEFING

### FIVE SCENARIOS FOR THE FUTURE OF COAL IN GERMANY

**SABRINA SCHULZ, JULIAN SCHWARTZKOPFF, CHRIS  
LITTLECOTT**

Germany's general election on 24 September 2017 could produce a range of government coalitions with critical implications for Germany's climate and energy policy, especially for the timeline for coal phase out.

This briefing paper takes a closer look at the potential coalition scenarios for the next German government. It discusses the different interests and approaches to policy of the main parties, as well as the stance on coal and climate set out in their election manifestos.

#### Key Messages

- > Despite Chancellor Angela Merkel's climate leadership, Germany's CO<sub>2</sub> emissions are increasing, in large part through failure to deal with coal which accounts for a third of emissions.
- > The phase out of coal is politically controversial and difficult to implement, not least due to close connections between the coal industry and trade unions who are amplifying regional concerns over job losses.
- > The polls suggest that Angela Merkel's Conservative Christian Democrats (CDU) and its Bavarian sister party CSU will win the largest number of seats but will need to form a stable coalition following the election. The make-up of this coalition will greatly influence German climate and energy policy over the next 4 years.
- > Any coalition with Green Party participation would offer the best chances of ambition on climate policy and coal, even in a 'Jamaica' combination with the CDU and the neo-liberal Free Democrats (FDP). This scenario is increasingly plausible judging from the state of the public debate and the development of the polls.
- > A potential renewed 'Grand Coalition' of CDU and Social Democrats (SPD) will likely struggle to deliver action on coal, not least due to the SPD's close trade



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union ties, which cause it to side with incumbent businesses and industry within the climate debate. A 'Grand Coalition' is not favoured by the electorate any longer.

- > A two-party partnership of the CDU with the FDP risks a general slowdown of the *Energiewende* and inaction on coal, with a retreat to 'free market principles', as shown by the recent coalition deal in North Rhine-Westphalia. It would however be a politically convenient coalition for both parties – so would require strong personal leadership by Angela Merkel to ensure that action on coal is delivered.
- > Given the central role that the CDU/CSU will play as the senior partner in these potential coalitions, great responsibility will fall on Angela Merkel to cement her legacy as being a true 'climate chancellor' by ensuring decisive action to phase out coal from the German economy by 2030.
- > If the CDU and its eventual coalition partners take direct and successful action, then German leadership on the energy transformation from coal will have a profound impact on other nations seeking to meet the Paris Agreement.
- > In the light of increasing efforts by other G7 and OECD countries on coal, a continued absence of action will have a noticeable negative impact on Germany's international reputation – and on that of Angela Merkel herself.

## Introduction

Germany's climate record has been mixed at best over the past decade despite the widespread conviction by the electorate that Germany is doing its bit – or even overdoing it compared to other countries, including in the EU. If she is to stay 'the climate chancellor' Merkel will need to continue to show international leadership on climate<sup>1</sup> and make the case for an ambitious and decisive low-carbon transformation of the German economy.

Despite rapid growth in renewables, Germany is currently set to miss its voluntary GHG emissions savings target of 40% (on 1990 levels) for 2020 by a 9-10% margin,<sup>2</sup> according to a new study by Agora Energiewende.<sup>3</sup>

Germany's poor emissions performance reflects how slow and inadequate policies have failed to provide a pathway for a transition to reduced emissions during a time of economic growth and an increase in population. There has been near complete inaction on emissions in the transport sector. In power generation, the low price of carbon under the EU ETS has combined with reduced wholesale electricity prices

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<sup>1</sup> Following President Trump's decision to withdraw from the Paris Agreement earlier this year, Merkel commented on this as being "extremely regrettable" and used the occasion to reaffirm her commitment to the fight against climate change. The Independent (2017) [Angela Merkel calls Donald Trump's Paris withdrawal 'extremely regrettable' in 'very restrained terms'](#)

<sup>2</sup> Agora Energiewende (2017) [Das Klimaschutzziel von -40 Prozent bis 2020: Wo landen wir ohne weitere Maßnahmen?](#)

<sup>3</sup> Moreover, earlier this year, the Federal Environment Office also estimated that emissions had only been cut by less than 28% in 2016, confirming that Germany is set to miss its 40% target by a wide margin. BMUB (2017) [Klimaschutzziele Deutschlands](#)



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(ironically thanks to the growth in renewables) and resulted in significant exports of high carbon German electricity from lignite power plants.

With its 40%<sup>4</sup> share of electricity generation the coal sector alone accounts for 33%<sup>5</sup> of German emissions. For this reason, our analysis here focusses on the role of coal within Germany's climate policy record and how different electoral outcomes may affect German policy on coal phase out.<sup>6</sup>

Globally, scientific analysis shows that coal-fired power generation needs to be phased out by 2030 in OECD countries such as Germany in order to deliver emissions reductions pathways in line with the aims of the Paris Agreement.<sup>7</sup> Germany as an international climate leader needs to align its domestic policy with this higher level of ambition. Non-OECD countries (including China) will need to phase out coal by 2040-2050 and will look to the West to see that they are leading the transition away from coal.

In 2014-15, an important window for a serious debate on the future of coal in Germany opened when the Economics and Energy Ministry proposed to introduce a 'climate levy' to reduce coal power emissions.<sup>8</sup> Even though the proposal was ultimately unsuccessful it triggered an intense debate and thereby made it possible to talk about the future of coal for the first time in German history. As a result, there is now a live debate around phasing out coal in the country. In the run-up to this year's general election, the main actors that would be affected – utilities, state (*Länder*) governments and several trade unions – have clearly positioned themselves against an accelerated phase-out plan.

While the global climate case for phasing out coal seems clear, the domestic political reality in Germany is much more complicated. The coal sector still provides roughly 45,000 jobs, many of which are concentrated in poorer regions such as Lusatia or the Rhineland lignite area. These jobs are defended vocally by trade unions, in particular the IG BCE (the trade union for the energy and energy intensives sectors), as well as the governments of North-Rhine Westphalia, Brandenburg, Saxony and Saxony-Anhalt, where coal continues to be an important economic factor. At the same time, energy-intensive industries argue that phasing out coal would increase power prices and reduce the stability of the power supply, potentially forcing them to move production abroad.

What is sorely missing in the German political discourse and certainly in this election campaign is an honest debate not only about German emissions and climate policy, but also about the capacity of Germany's export-dependent industry to innovate and

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<sup>4</sup> Renewable Energies Agency (2017) **Der Strommix in Deutschland im Jahr 2016**

<sup>5</sup> Agora Energiewende (2017) **Die Energiewende im Stromsektor: Stand der Dinge 2016**

<sup>6</sup> As confirmed in the 2050 Climate Action Plan, German climate policy is in dire need of a makeover as its "per capita greenhouse gas emissions are higher than the EU average, and considerably higher than the global average". BMUB (2016) **Climate Action Plan 2050**, p. 7

<sup>7</sup> Climate Analytics (2016) **Implications of the Paris Agreement for Coal Use in the Power Sector**

<sup>8</sup> Discussed in more detail in E3G (2015) **G7 COAL PHASE OUT: GERMANY A REVIEW FOR OXFAM**

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adapt to new economic and technological realities at a global scale. Because of the widespread impression that Germany has ‘done its bit’ in terms of climate policy a long time ago decision-makers can easily duck the issue without being challenged by a public outcry. This is also mirrored in the debate around ‘dieselgate’ in which government and industry remain faithful to the mantra that diesel is needed as an important element in the country’s climate strategy given that it supposedly produces fewer CO<sub>2</sub> emissions than conventional petrol-fuelled car engines.<sup>9</sup>

Given what is economically and politically at stake in Germany, this briefing explains some of these political economy dynamics to external observers. We outline the potential election coalitions that might result from the forthcoming election and provide background on the parties’ positions and manifesto commitments.

## Election scenarios and their implications for Germany’s coal policy

After a series of TV debates with the leaders of all parties standing for election to the new *Bundestag* (Federal Parliament), the polls seem to be stabilising.

Party	Polls 6th September 2017	Results in last general elections in 2013
Christian Democratic Union/ Christian Social Union (CDU/CSU)	35 – 40%	41.5%
Social Democratic Party (SPD)	21 – 25%	25.7%
Greens	6 – 9%	8.4%
Free Democratic Party (FDP)	7 – 10%	4.8% (did not enter parliament)
Left Party	8 – 10%	8.6%
Alternative for Germany (AfD)	8 – 10% <sup>10</sup>	4.7% (did not enter parliament)

**Source: Average polling data from 8 September 2017, collected by *Süddeutsche Zeitung*, 9/10 September edition, p. 11**

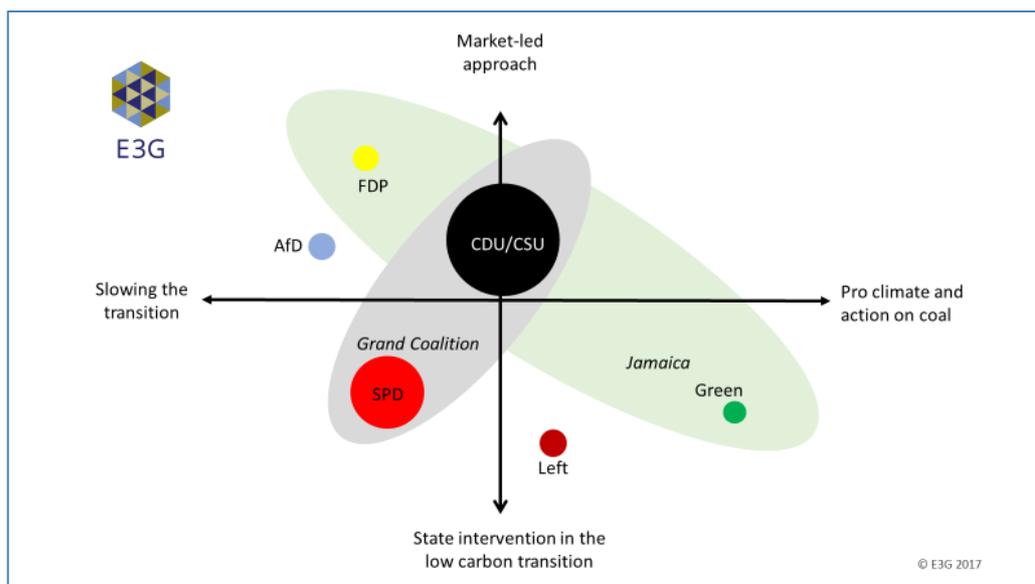
<sup>9</sup> Unless Germany takes decisive action to green the power and transport sectors, it will miss important international trends and lose market share in the low-carbon economy. Given that the German car industry provides close to 800,000 jobs, the fallout in the labour market from inaction would be significantly more serious than under a managed transition scenario in which industry and investors are given certainty on climate policy objectives as well as planned legislation and regulation. While German car manufacturers have been investing in e-mobility and alternative fuels they are still far away from a serious transformation of the industry.

<sup>10</sup> Note that actual electoral performance could be higher as people might be reluctant to self-identify as AfD voters in polls.

Due to the intricacies of German election law (a mix of majority rule and proportional representation plus the fact that only parties that score above 5% in total can enter Parliament) and the likely presence of two smaller parties, the FDP and the populist Alternative for Germany (AfD), it is entirely possible that the number of MPs exceeds 700 in the next *Bundestag*. The current number of MPs is 630. This makes it rather difficult to predict a winning coalition. From a purely mathematical point of view, several government coalitions are possible, but some are much more likely than others.

In Germany, coalitions are often referred to by the colour code of the parties in question: the CDU/CSU use black, the SPD red, the FDP yellow, the Greens green, the Left dark red (but in combination with the SPD referred to as ‘red-red’) and the AfD blue. Figure 1 below provides a visualisation of how the different parties are situated on coal and climate change, and how they might combine into different coalitions that cut across different sets of interests and ideological positioning.

*Figure 1: Potential German government coalition scenarios and political party positions on coal and climate change*



In the following discussion, we consider first a continuation of the status quo ‘Grand Coalition’ of CDU & SPD and an alternative more dynamic combination of the ‘Jamaica’ coalition of CDU & FDP & Greens. We also comment on the (mathematically) less likely options of CDU & FDP; CDU & Green; and (politically and mathematically) extremely unlikely Red-Red-Green to provide insight on the kinds of political deals that could be under consideration depending upon the election results.



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### **Scenario 1: Business as Usual – Continuation of the ‘Grand Coalition’ of CDU<sup>11</sup> and SPD**

Both parties have already indicated that continuing the Grand Coalition is not their first choice and polling data reveal that the electorate is not in favour of this option either.<sup>12</sup> Martin Schulz, the former President of the European Parliament who became SPD party leader earlier this year, would likely struggle to become Vice-Chancellor in a ‘Grand Coalition’ given the expected poor outcome for the SPD.

Under such a scenario, we would expect climate and energy policy to continue according to business as usual. From 2018 onwards, we would likely see the establishment of a ‘Commission on Growth, Structural Change and Regional Economy’ that both the CDU and the SPD already announced in the 2050 Climate Action Plan during the current legislative period. This Commission would likely be tasked with ‘regional development programming’ for Germany’s remaining lignite mining regions and come up with recommendations on regional funding priorities. Thus, its main objective would be to develop recommendations for economic diversification in lignite mining regions rather than form a consensus around a phase out date for coal and a roadmap on how to get there. Action would likely be restricted to coal mining and exclude decisions on coal-fired power stations.

Under this scenario, there would be a significant risk that environmental voices would be excluded from having a seat at the table when the Commission members are selected. Both coalition parties would want to work with the affected regional governments, especially given that either CDU or SPD are the senior coalition party in the states in question (North-Rhine Westphalia, Brandenburg, Saxony, Saxony-Anhalt).

More broadly, two iterations of a ‘Grand Coalition’ (with a ‘Black-Yellow’ interlude from 2009 to 2013) have left the SPD bereft of all creative power, and the party is hardly given credit amongst the electorate for the policies it successfully established as the CDU’s junior partner (such as the minimum wage). To a large part of the German electorate, the ‘Grand Coalition’ had long been a preferred government coalition, but the national political culture is suffering significantly as societal concerns drown in an unambitious politics of compromise.

Since both parties have moved to the centre their policies have become increasingly similar. Moreover, a coalition of the two largest parties in Parliament has weakened the opposition who is essential for a functional control of the government. These are also the key factors that gave rise to the populist right-wing AfD party.

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<sup>11</sup> Note: discussions throughout this section of CDU also include the Bavarian sister party the CSU, which is not noted in an effort to reduce the number of German acronyms for international readers.

<sup>12</sup> ARD (2017) [ARD-DeutschlandTREND August II 2017](#), slide 6.



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### Scenario 2: 'Black-Yellow-Green' or 'Jamaica Coalition'

This coalition borrows its name from the colours of the Jamaican flag, referring to the CDU (black), the FDP (yellow) and the Greens. This scenario for a new coalition government is becoming more likely by the day in terms of polling data and overall political discourse.

A 'Jamaica Coalition' would be the antithesis of the continuation of the stale Grand Coalition. This outcome— if mathematically necessary and possible – would stretch the Green Party's unity to the limit and likely lead to internal fights from which it would not emerge unscathed. It would, however, also be significantly more progressive on coal and the climate than a 'Grand Coalition' or a CDU-FDP coalition.

The dynamics on coal within such a coalition would likely be visible and dynamic, since adopting a coal phase-out plan is one of the Green party's red lines going into coalition negotiations. However, the FDP is much more averse to market intervention, which would affect the range of policy instruments that could be considered. A mandated shut-down of the 20 most polluting coal power plants, as demanded by the Green Party, would be less likely if the FDP was involved.

If the Greens gained control of the Environment Ministry and the FDP of the Economy & Energy Ministry, which would be entirely possible in this scenario, this would create considerable challenges for the implementation of energy and climate policy. The two ministries have traditionally been opposed on climate ambition and coal, even when controlled by the same party. Adding party politics to the mix would likely hamper the government's capacity to act on coal, as well as climate policy more broadly.

### Scenario 3: 'Black-Yellow' – Renewal of the CDU-FDP Coalition

Both for CDU and the neoliberal Free Democrats, this would be the government coalition of choice. A growing part of the electorate – currently about a third – is favouring this option, too. But current polling suggests that they may not have sufficient seats in order to secure a majority government – hence the importance of the Jamaica coalition discussed above. For the *Energiewende*, for climate policy, coal and many social policy issues, such a two-party coalition might come close to a worst-case scenario.

If the coalition agreement of the newly elected (May 2017) regional CDU-FDP government in North Rhine-Westphalia (NRW) is any guidance, the *Energiewende* would be slowed down even further in the interest of following free market principles. Any new regulation for emissions reductions would be extremely unlikely under such a government as there is a clear preference for instruments that are 'market-economy compatible'.

This has been seen in the change in government from a 'Red-Green' to 'Black-Yellow' coalition in NRW, which has had significant implications for the state's climate and



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energy policy. The new coalition treaty in NRW<sup>13</sup> clearly bears the hallmarks of the FDP in the areas of environmental, climate and energy policy. The new NRW government subordinates climate policy and considerations of the public good to economic and business interests. Any regulations that go beyond what the EU climate and energy framework stipulates are to be abandoned.

Existing climate policies, including the NRW Climate Change Act, are now being watered down or scrapped altogether. The further roll-out of renewables is being slowed down, too, and the new NRW government wants to end all subsidies for renewables, which are determined at the federal level. In Germany's main lignite mining and industrial *Land*, coal is being encouraged to remain an important element of the energy mix. Lignite, hard coal and natural gas are considered indispensable 'bridging technologies'.

Since there are no significant veto players on climate in the CDU/CSU at the federal level, Angela Merkel could likely accommodate a deal with the FDP. However, to protect her legacy as the 'climate chancellor' and given her intention to work with France on climate policy initiatives in the EU, she might also not be willing to negotiate climate away during possible coalition talks. After all, as the 'eternal chancellor' in her likely last term, she could still consider the judgement of history and choose wisely where she wants to create a legacy. Losing the title of 'climate chancellor' might not be her preferred option.

At least theoretically, a coal phase-out could likely be seen through relatively easily by a CDU/FDP coalition if framed around a market economy rationale. The CDU has little to lose from opposing coal unions. The FDP – be it in NRW or at federal level – simply does not have a lot of energy policy expertise, so if Merkel did want to tackle lignite in a government coalition with the FDP, she could do so. Given the FDP's anti-interventionist stance, though, this is not a likely scenario.

#### **Scenario 4: 'Black-Green' – A CDU & Green coalition**

Even though this is currently a mathematically unlikely constellation, it is still interesting to consider. The election manifestos leave no doubt that only Green Party participation in a new government would safeguard and further develop Germany's climate and energy policy. Only the Green Party would insist on a phase-out plan for coal as a precondition for joining a government coalition. All other coalition scenarios would be unambitious at best on climate policy and on coal in particular. As with the Jamaica coalition option, the inclusion of the Greens would provide political space that would allow Merkel to move further on coal.

Although Angela Merkel's first choice would be to form a coalition with the FDP (after all there is a track record of Black-Yellow coalitions) -and while a Federal government of CDU and the Greens would be an absolute first – it could be appealing to her to enter coalition negotiations with the Green Party as well, not least because this would

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<sup>13</sup> [Coalition Treaty North-Rhine Westphalia 2017-2022](#)



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open up new options for the CDU and corroborate its role as Germany's 'party of the centre'. However, the parties' differing positions on many topics could still prevent such a coalition. The current debate on the future role of diesel and internal combustion engines illustrates this very well: while the Greens want all new cars to be emission free from 2030 the CDU sees diesel in particular as a means to achieve CO<sub>2</sub> emissions reduction goals and believes that it will be required for the foreseeable future.

Since the CDU at the federal level has no major political stake in the coal sector, the mandate of the 'Commission on Growth, Structural Change and Regional Economy' would likely be stronger than in any other scenario (if it were to be maintained as the preferred course of action on coal). In addition to developing plans for regional economic diversification on the basis on climate and sustainability considerations, the mandate of the Commission might include a plan for a managed coal phase out. And if the Commission did go ahead, Green participation in the government would also lead to the representation of civil society organisations, thereby ensuring that 'the climate' has a voice alongside industry and unions.

At the state-level, a CDU-Green coalition has existed in Hesse since 2013. The coalition agreement is strong on climate ambition, calling climate change a problem requiring 'the strongest efforts from all'.<sup>14</sup> The government has, in 2017, delivered an ambitious Integrated Climate Protection Plan 2025,<sup>15</sup> aiming to achieve climate neutrality by mid-century. While Hesse has little coal capacity this bodes well for climate action under a potential 'Black-Green' coalition.

For the Greens, entering such a coalition would test their internal unity. In 2013, the mathematically possible coalition option between CDU and the Greens was rejected by the Green leadership. Today, given what is at stake in the Greens' policy priority areas, the party might not want to or be able to reject its participation in a coalition with Merkel. The two frontrunners who are leading the election campaign for the Greens, Cem Özdemir and Katrin Göring-Eckardt, represent the moderate wing of the Greens and seem more ready to join such a government coalition than the party's base might be.

### **Scenario 5: 'Red-Red-Green' – an SPD-led coalition with the Greens and the Left Party**

This is one of the most unlikely government coalitions – and it would be a real first at the national level (although the city of Berlin is currently governed by such a coalition). Even though the Greens under their current leadership are trying hard to find commonalities with the CDU, this would be the Left Majority coalition par excellence. In the past, this was not an option because the Left Party's positions on issues such as Europe and foreign policy would have made it impossible for any other

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<sup>14</sup> Hesse Coalition Agreement 2014-2019

<sup>15</sup> Hesse Environment Ministry (2017) [Integrated Climate Protection Plan 2025](#)



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party to form a coalition with the Left, but its positions in these questions are slowly softening down.

This coalition would most definitely give the ‘Commission on Growth, Structural Change and Regional Economy’ a strong mandate despite the fact that, from an internal party dynamics point of view, the SPD is not ready yet to discuss the end of coal. However, this government coalition could be a way out of this homemade impasse in the SPD’s energy policy.

The approach taken in the City-Region of Berlin also sets a useful precedent, in that its government has introduced a law to phase out coal and lignite use by 2030.<sup>16</sup>

## Conclusion

The forthcoming national election in Germany is set up to shake up the political landscape with the FDP re-entering parliament and the AfD entering the Bundestag for the first time. Because of the intricacies of German election law a winning coalition is hard to predict at this stage. It does seem clear, however, that Angela Merkel will remain Chancellor.

Since the CDU’s election manifesto is rather weak on climate it will be up to a junior coalition partner to propose ambitious action on coal and climate in the coalition treaty –the document setting out the government programme for the four-year term. Only the Green Party has an election manifesto that suggests serious action on a phase out of coal in Germany. Without the Greens, the next German government coalition will struggle to open up the space for a proactive approach to coal phase out.

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<sup>16</sup> See <https://www.cleanenergywire.org/news/solarworld-insolvency-zero-support-offshore-bid-risky-and-brave/berlin-advances-coal-phase-out>

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## ANNEX: The main political parties and their stance on coal and climate – an analysis of Party Manifesto positions

### Christian Democratic Union (CDU) and its Bavarian sister party Christian Social Union (CSU)

#### Traditionally conservative

On climate, energy, and coal, the CDU's election manifesto is literally "conservative".<sup>17</sup> Headlines such as "A good climate for tomorrow" and "Protecting the climate means protecting the future" in the climate section are misleading at best. The manifesto enumerates past commitments without giving any clarity on the CDU's plans for the next legislative term, let alone concrete targets, measures or policy instruments.

According to the manifesto, all environmental problems can be tackled through modern technology. The CDU commits to market-based instruments for the management of the *Energiewende* and the government's 2050 Climate Action Plan.<sup>18</sup> When it comes to coal, lignite is mentioned explicitly – but not under the headline of energy, but that of "structural policy". The CDU acknowledges that "the long-term phase-out of lignite has to go hand in hand with specific new structural development" in the regions in question, especially by building new infrastructure.

In her traditional 'summer interview'<sup>19</sup>, Merkel said: "*We cannot put a date behind a phase-out, we first need to meet our 2020 target and we have to work hard to achieve it, for this matter we have a Climate Action Plan.*" ... "*We can then discuss next how to deal with lignite production in Germany. The CDU wants to talk to the affected regions and work out alternative options for employment, then we can talk about phase-out of lignite*".

Having been in power since 2005, the 'climate chancellor' does not have to fear any domestic challenges on climate and energy policy – apart from verbal attacks by the Greens. She ushered in the *Energiewende* in 2011, which focused on sealing the nuclear energy phase-out in light of Fukushima (after the CDU had reversed the phase-out decision by the previous government), as well as (re-)committing to existing plans to roll out renewables and adopting ambitious energy efficiency targets. The broader public therefore perceives her as committed to the climate cause.

The CDU sees coal as a guarantee for a reliable and affordable energy supply. However, it does not have the same stake in the coal sector as its current coalition partner, the Social Democrats, who have historically relied on the support of unions and heavy-industry areas to win elections.

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<sup>17</sup> CDU election manifesto

<sup>18</sup> BMUB (2016) Climate Action Plan 2050

<sup>19</sup> ARD Mediathek (2017) Sommerinterview mit Angela Merkel

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## Social Democratic Party (SPD)

### Complacency rules

The Social Democratic Party, currently the CDU's junior coalition partner, is similarly weak on climate and energy in its election manifesto.<sup>20</sup> The SPD has close ties to trade unions and therefore the workforce in coal mining, power stations and energy-intensive industries more generally, who claim that German jobs will only be secure if energy prices stay low. Just like in the CDU's manifesto, coal is only mentioned once – in the context of regional economic development in the remaining lignite mining regions in Lusatia, the Rhineland and Central Germany.

The SPD acknowledges the need to “create and further develop regional economic structures that build on the existing industrial tradition and that promote decent and unionised jobs”. The SPD also commits “to deal with this challenge together with the *Länder* governments, the affected regions, the trade unions, businesses and citizens.” The *Energiewende* is acknowledged as helping in this endeavour, but new technologies are believed to be required at an unprecedented scale: e.g. storage systems and batteries, development centres for materials and process technology. The manifesto also contains a promise “to promote new economic initiatives in the affected regions through federal financial support”.

Just as in the case of the CDU, this language reflects the existing commitment to establish a “Commission on Growth, Structural Change and Regional Economy” in the remaining lignite mining regions, as is stipulated in Germany's Climate Action Plan 2050.<sup>21</sup>

Faithful to the basic tenets of German political culture – consensus and compromise – the SPD also announces it will hold negotiations with businesses and trade unions in the sectors that stand to be affected the most by climate policy measures. This approach is supposed to reconcile social, economic and ecological concerns. It postulates technology-neutrality and innovation-mindedness as guiding principles of climate action. The outcomes of these discussions would then form the basis of a national Climate Act.

A national Climate Act would certainly be an important step forward in Germany's climate policy; however, having industry decide on the contents of such a law would risk undermining the credibility of this endeavour from the start.

The SPD's commitment to Germany's 40% emissions reduction target by 2020 seems hardly credible given current projections of a reduction of just slightly above 30% at best. In the past four years of leading both the Environment and the Economics & Energy Ministries, the SPD has failed to make use of the opportunity to deliver an effective climate policy. On the contrary, the SPD has been highly protective of the coal industry.

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<sup>20</sup> SPD election manifesto

<sup>21</sup> BMUB (2016) Climate Action Plan 2050



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Renewables are portrayed in the SPD manifesto as a way of creating social justice in Germany: in the long term, they are seen as “the most cost-efficient source of energy”; “they reduce dependence on oil and gas imports”; and “they contribute to local value creation”. However, the objective for 2050 is merely to produce energy in a carbon-neutral manner “to the greatest possible extent” to ensure the competitiveness of German industry. This suggests that if pushed, the SPD intends to side with industry over climate concerns.

Moreover, the SPD underscores that conventional sources of energy are required to “complement” renewables on the way to the “completion” of the *Energiewende*. This framing justifies the explicit support for gas in the form of “natural gas, renewable gas from power-to-gas facilities, and existing gas infrastructure”, which is language that entered the manifesto thanks to a recent aggressive lobbying push by the gas industry to which, it seems, the SPD was all too open.

## Free Democratic Party (FDP)

### The market rules

The FDP’s manifesto leaves no doubt: the neo-liberal Free Democrats want to see the end of all environmental, climate and consumer protection policies.<sup>22</sup> Climate protection is seen primarily as a burden for industry and consumers. The government’s Climate Action Plan 2050 is dubbed “planned-economy style paternalism”. The ETS is portrayed to be the only acceptable instrument for regulating emissions. The FDP wants to see it extended to other sectors, but without a carbon floor price, and with a perspective of a global carbon market. According to the FDP, a “fresh start” is required for the *Energiewende*.

The FDP rails against the supposed risk of the de-industrialisation of Germany because of the *Energiewende*, conveniently ignoring the ongoing innovation, job and value creation in the renewable energy sector and the role that the feed-in-tariff played in this development. All kinds of public subsidies and incentives, including the Renewables Act (EEG), are to be abolished and “technology neutrality” is to become the guiding principle of a new energy policy. A new power market design should be open to nuclear and coal. In addition, purely national action on climate is considered “ecologically futile” as reduced emissions in Germany would result in increased emissions other EU member states.

If implemented, such a programme would turn the *Energiewende* on its head. FDP-style market radicalism would not only prevent any action on coal, it would also undermine any new investments in the future energy market and thereby severely harm not only the climate, but also the German low-carbon economy in the long term.

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<sup>22</sup> FDP election manifesto

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## Green Party

### 100% climate action

The word “coal” appears 51 times in the Green election manifesto.<sup>23</sup> The Greens want to make a coal phase-out irreversible should they be able to participate in the next government. They are calling for the 20 most polluting coal plants to be decommissioned immediately and emissions from all remaining ones to be restricted. A coal phase out would be delivered in parallel with a 100% renewables target in the electricity sector by 2030. The precise instruments for the phase out are outlined in a separate “Coal Phase out Roadmap”.<sup>24</sup> The Green party has announced that action on coal is a red line for any governing coalition they might enter.

It is particularly important to the Greens that the phase out will be delivered in close consultation with key stakeholders, in a socially acceptable manner and in a way that creates new jobs. New lignite mines or their extension and the construction of new coal-fired power stations would be banned, as would the forced resettlement of villages to make way for new or extended lignite mines. The legal basis of this would be formed by a coal phase out law and the reform of the Mining Law. In addition, the Greens want to cancel all export credits for German coal technology. The Greens have a good chance of ending up in government as part of a CDU-FDP-Green coalition, even though the FDP has recently voiced opposition to that idea and the Greens themselves are attacking the FDP as part of the expected campaigning rhetoric.<sup>25</sup>

## The Left Party

### Hot air

Even though climate and the environment are not core Left Party issues, their election manifesto is remarkably “green”.<sup>26</sup> However, the Left Party contents itself with securing the moral high ground, criticising the government record without offering concrete ideas on how to implement their political objectives.

Climate policy is framed in terms of a zero-sum game: “We have to decide what we want to save: the climate or capitalism.” The manifesto is also clear about the need to phase out coal by 2035 at the very latest. However, in Brandenburg, where the Left Party has been in government as the SPD’s junior coalition partner since 2013 and where most coal assets of the Lusatia lignite region are concentrated, the Left Party is committed to sticking to the long-term plans for the region’s mining operations and supports the government’s line to row back on existing emissions reduction plans. This is clearly due to regional political dynamics.

The Left also calls for the nationalisation of all utilities (and other infrastructures). This is an unconstitutional demand and it is questionable to what extent this would

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<sup>23</sup> Green Party election manifesto

<sup>24</sup> Green Party Parliamentary Group (2016) [Fahrplan Kohleausstieg](#)

<sup>25</sup> Tagesspiegel (2017) [SPD und Linke geben Rot-Rot-Grün auf](#), 08/09/2017

<sup>26</sup> Left Party election manifesto



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facilitate the decarbonisation of the energy sector or a coal phase out if there is no government consensus around these objectives.

It currently looks unlikely that Left is will end up in government since its only possible partner, the SPD, sees its chances dwindling and has also has explicitly ruled out this option.<sup>27</sup>

## The Alternative for Germany (AfD)

### Blackout

The right-wing, nationalist, populist and climate-denialist AfD is committed to a radical roll-back of Germany's environment and climate policies.<sup>28</sup> The party favours an continued reliance on coal, the cancellation of the nuclear phase-out, as well as an end to climate policy, the development of renewables, and the *Energiewende* at large. The climate section of the manifesto, in particular, reveals that ideology and populism trump facts. (If facts were to form the basis of this section then the tangible risks of climate change would probably force the AfD to make climate a key concern. After all, security in all senses of the word and public safety are key objectives of the party.)

Overall, the AfD election manifesto is a collection of random ideas, frequently void of any substance or even subject-matter knowledge. For this reason and because of its nationalist and populist programme all other parties have ruled out entering a government coalition with the AfD. Nevertheless, the AfD is expected to score double digits in the elections.

## About E3G

E3G is an independent climate change think tank operating to accelerate the global transition to a low carbon economy. E3G builds cross-sectoral coalitions to achieve carefully defined outcomes, chosen for their capacity to leverage change. E3G works closely with like-minded partners in government, politics, business, civil society, science, the media, public interest foundations and elsewhere. In 2016, E3G was ranked the number one environmental think tank in the UK. More information is available at [www.e3g.org](http://www.e3g.org)

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<sup>27</sup> Tagesspiegel (2017) *SPD und Linke geben Rot-Rot-Grün auf*, 08/09/2017

<sup>28</sup> *AfD election manifesto*