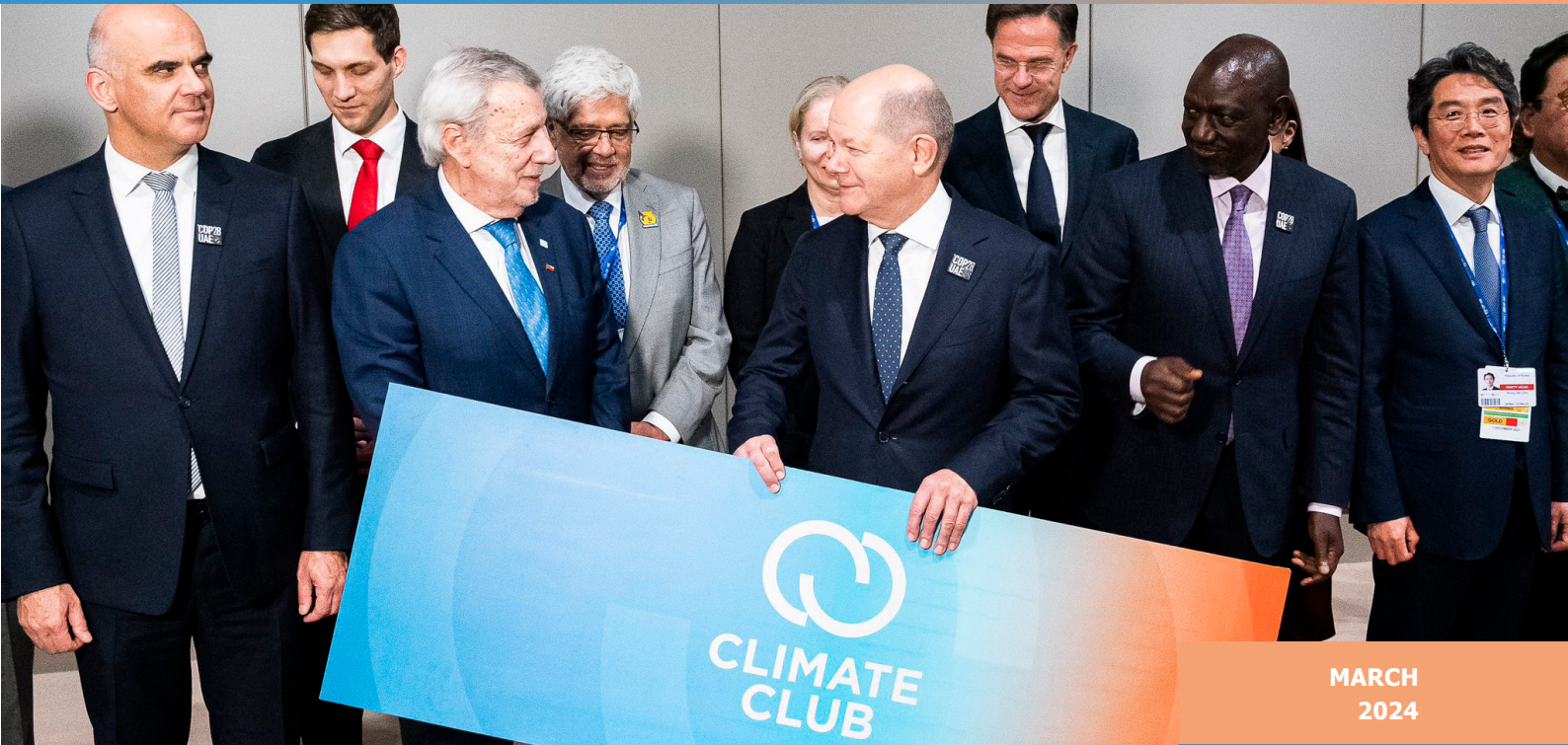


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Germany's Strategy on Climate Foreign Policy: Balancing Sustainable Development and Energy Security



Jeanette SÜß

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Executive summary

With the war in Ukraine, Germany's "traffic light" coalition government has had to adapt its climate policy to the upheavals caused by this war, which has turned its economic, energy and military model upside down. Against a backdrop of high energy costs and increasing calls for reshoring in Europe, German industry is looking at how to maintain its competitiveness while decarbonizing its industry.

To combat climate change and find new forms of energy cooperation that are more sustainable for the planet, the federal government has set up a Strategy on Climate Foreign Policy bringing together its collaborative actions with partner countries. Climate, energy, and development partnerships play a vital role in this context, and emerging countries are key partners for climate initiatives. They have a high demand for energy and exploit resources, though without always respecting environmental, social and governance standards. Their renewable energy (RE) production potential is significant, and there are major opportunities for CO₂ reduction thanks to modernization technologies that Germany is seeking to transfer to its partners. To this end, Germany is using a multitude of diplomatic tools and is leveraging a unique network of international agencies, chambers of commerce and climate finance players.

Meanwhile, Germany's need to import RE exposes it to possible new dependencies on third countries. As a result, Germany's enthusiasm for hydrogen (H₂) is being criticized by its European partners, including France, who question Germany's ability to secure sufficient H₂ given its low production potential in the rest of the world.

Meeting its own environmental targets is crucial to maintaining Germany's image as a proactive player in the fight against climate change. However, the federal government remains reluctant to implement substantial changes domestically, such as ending traditional fuel subsidies or phasing out fossil fuel-based heating. This has brought the coalition to the brink of collapse. Aligning views within the government seems key not only for the success of the energy transition of Germany's economy, but also for its position internationally as a credible player in the fight against climate change.

Résumé

Avec la guerre en Ukraine, la coalition feu tricolore a dû adapter sa politique climatique aux bouleversements que cette guerre entraîne pour son modèle économique, énergétique et militaire. Dans un contexte de coûts élevés de l'énergie et à l'heure où les appels à la relocalisation (*reshoring*) en Europe se font entendre de plus en plus, l'industrie allemande s'interroge sur la façon de préserver sa compétitivité tout en décarbonant son industrie.

Pour combattre le changement climatique et trouver de nouvelles formes de coopération énergétique plus durable pour la planète, le gouvernement fédéral a mis en place une stratégie de diplomatie climatique qui regroupe ses actions de collaboration avec les pays partenaires. Dans ce contexte, les partenariats climatiques, énergétiques et de développement jouent un rôle primordial. Les pays émergents sont des partenaires clés pour les initiatives climatiques. Ils présentent une forte demande énergétique et exploitent les ressources sans toujours respecter les normes environnementales, sociales et de gouvernance. Leur potentiel de production des énergies renouvelables (ENR) est significatif, et il existe d'importantes possibilités de réduction de dioxyde de carbone (CO₂) grâce à la modernisation technologique que l'Allemagne souhaite transférer à ses partenaires. Pour ce faire, elle utilise une multitude d'outils diplomatiques et valorise un réseau unique d'agences internationales, de chambres de commerces et d'acteurs du financement climatique.

Les besoins d'importations en ENR exposent l'Allemagne à de possibles nouvelles dépendances *vis-à-vis* des pays tiers. Par conséquent, l'engouement allemand pour l'hydrogène (H₂) fait l'objet de critiques de la part de ses partenaires européens – dont la France – qui s'interrogent sur la capacité de l'Allemagne à sécuriser suffisamment de H₂ au regard des faibles potentiels de production dans le reste du monde.

Respecter ses propres objectifs est crucial pour maintenir l'image de l'Allemagne comme acteur proactif dans la lutte contre le changement climatique. Mais le gouvernement fédéral allemand demeure réticent à mettre en œuvre des changements substantiels à l'échelle nationale comme la fin des subventions aux combustibles traditionnels ou la sortie de chauffages à base d'énergies fossiles. Cette décision a amené la coalition au bord de la rupture. L'alignement des positions au sein du gouvernement semble décisif pour mener à bien la transition énergétique de l'économie allemande mais également pour se positionner comme un acteur crédible dans la lutte contre le changement climatique à l'échelle internationale.

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Taking the lead in the fight against climate change

According to the latest report by the Intergovernmental Panel on Climate Change (IPCC), global warming of 1.5°C will occur by the end of 2030. It is therefore essential to reduce drastically greenhouse gas (GHG) emissions, especially of CO₂, in order to slow global climate change.¹

In addition to the damage to biodiversity and human well-being, climate crises have geopolitical repercussions. Extreme weather events lead to a scarcity of resources and exacerbate conflicts over food security. The harmful effects of climate change are increasingly palpable globally, be it in the Sahel, where desertification is progressing, or in the Indo-Pacific, where rising sea levels are causing certain islands to disappear completely. These effects represent a threat to security. Europe is directly concerned, as pointed out by the World Meteorological Organization (WMO) and the Copernicus Climate Change Service (C3S) report: global warming is clearly accelerating in Europe compared to the rest of the world.²

Germany – Europe’s leading industrial power – only accounts for 2% of global CO₂ emissions. China is now the largest emitter worldwide, with a 31% share of emissions, while its per capita output of CO₂ is 7.99 tonnes, almost identical to Germany’s at 7.98 tonnes.³ Germany has produced the most CO₂ emissions in the European Union (EU) since 2000, well ahead of Italy, Poland and France.⁴ However, in 2022, Germany’s GHG emissions were down by 40% compared with 1990 levels, and should fall to 65% by 2030, if it wants to achieve carbon neutrality by 2045. To reach this goal, the federal government has set itself ambitious targets to transform Germany’s energy mix, which should be based on 80% RE by 2030 (compared with 52% in 2023, see table below).

1. “Climate Change 2023 – Synthesis Report: Summary for Policy Makers, Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change,” IPCC, available at: www.ipcc.ch.

2. “2023 Shatters Climate Records, with Major Impacts,” WMO, November 2023, available at: <https://wmo.int>.

3. “CO₂-Ausstoß weltweit nach Ländern 2022,” *Statista*, February 9, 2024, available at: <https://de.statista.com> and „Energiebedingte CO₂-Emissionen pro Kopf weltweit nach ausgewählten Ländern im Jahr 2022,” *Statista*, February 9, 2024, available at: <https://de.statista.com>.

4. “Carbon Dioxide Emissions in the European Union in 2000, 2010 and 2022, by Country,” September 13, available at: www.statista.com.

Germany's Current Energy Mix and Targets by 2045

	2022	2023	2030	2035	2045
Solar power 	67.5 GW	81.7 GW	215 GW	309 GW	Carbon Neutrality
Offshore wind power 	8.1 GW	8.4 GW	30 GW	40 GW	
Onshore wind power 	58 GW	60.5 GW	115 GW	157 GW	
Share of RE in gross electricity consumption 	46.4%	52%	80%	Virtually carbon-neutral electrical system	
Heat pumps 	236,000	356,000	6 million		
Electric vehicles 	618,460	1.3 million	15 million		
Electrolyzers 	0 GW	0.1 GW	10 GW		

Sources: Own compilation by the author based on various sources.

However, emissions caused by industrial production in Germany's main trading partner countries, primarily China, are not included in this balance sheet.⁵ In other words, they are outsourced. Besides, Germany bears the historical burden of being a country whose industrial development has been based solely on the exploitation of fossil fuels. Germany is estimated to be responsible for around sixty times more emissions than Bangladesh in the past.⁶ As a result, it may be said to have a particular responsibility towards third countries that aspire to industrialize. A new dialogue is therefore needed to co-construct this low-carbon future with a new multilateral governance that will take better account of the interests of non-Western countries, as Chancellor Olaf Scholz emphasized in his speech at the Munich Security Conference on February 17, 2023.⁷

Germany's traffic light coalition (comprising the Social Democrats, the Liberal Democrats, and the Greens) devoted an entire chapter to climate and biodiversity topics in its National Security Strategy of June 2023.⁸ It seeks to establish a nexus between security and climate change. The government focuses on the most vulnerable groups – women and children – and warns of the growing number of climate refugees.⁹ A more

5. "Klimadiplomatie. Ohne China ist der Kampf aussichtslos," *FAZ*, August 10, 2023, available at: www.faz.net.

6. "CO₂ Emissions Dataset: Our Sources and Methods," Our World in Data, 2022, available at: <https://ourworldindata.org>.

7. Speech by Chancellor Scholz at the Munich Security Conference on 17 February 2023 in Munich, available at: www.bundesregierung.de.

8. "Robust. Resilient. Sustainable. Integrated Security for Germany. National Security Strategy," Federal Government, June 14, 2023, pp. 64-72, available at: www.nationalesicherheitsstrategie.de.

9. The Greens have also committed themselves to a national strategy for foreign policy promoting feminism, published in March 2023. For the nexus between this strategy, climate issues and social

comprehensive understanding of climate topics had already been set out in the coalition contract of December 2021. It was driven by the Green party which was looking to put its stamp on this new party configuration, following Chancellor Angela Merkel's 16 years in power.

The Greens have also been the driving force behind another strategy which goes beyond the existing notion of the more "classic" climate diplomacy that takes place during international climate negotiations. The aim is to create a new Strategy on Climate Foreign Policy (*Klimaaußenpolitik* in German, and *diplomatie climatique* in French), with the objective of anchoring climate policy in foreign affairs. The strategy was published on December 6, 2023, at COP28 in Dubai, after months of upheaval and internal disputes.¹⁰ It is one out of a series of more than ten national strategies by the German government in various policy areas, including China, security and hydrogen (H₂), and it is aimed at promoting more harmonious and coherent management by the government, which is often criticized for acting in a piecemeal and scattered fashion.

With the war in Ukraine, the traffic light coalition has had to rethink its strategies, including its climate policy, given the ensuing upheaval of its economic, energy and military model. Indeed, the war revealed Germany's unilateral dependence on its main fossil fuel supplier – Russia. The sudden realization of Germany's vulnerabilities has led the government to rethink its energy supply chains. Henceforth, the diversification of energy sources, preferably renewable, is the watchword for meeting the massive energy needs of Germany's remarkable industrial sector compared to other EU member countries: in 2022, it still accounted for 24% of gross domestic product (GDP). Against a backdrop of high energy costs and increasing calls for reshoring in Europe, German industry is looking at how to maintain its competitiveness while decarbonizing its industry.

To combat climate change and find new, more sustainable forms of energy cooperation for the planet, the federal government is focusing primarily on climate, energy, and development partnerships. In this context, the new Strategy for Climate Foreign Policy aims to provide a framework to align these partnerships, which until now have been conducted in parallel at several levels (bilateral, European, transnational, and multilateral).

At the COP28 in Dubai, held from November 30 to December 12, 2023, the international community proved that climate diplomacy tools can still produce concrete results in the fight against climate change. Indeed, recent years have seen the emergence of more restricted, flexible, and diverse

justice, see T. Bosch, A. Fahimi, K. Vinke: "Intergovernmental Partnerships in Climate Change Mitigation," DGAP, Policy Brief, January 30, 2024, available at: <https://dgap.org>.

10. "Strategy on Climate Foreign Policy," Federal Government, December 6, 2023, available at: www.auswaertiges-amt.de.

formats, such as Germany's Climate Club or G7-level formats, such as the four Just Energy Transition Partnerships (JETPs). This diversification follows the observation by climate experts that the United Nations Conference of the Parties (COPs) are highly formalized processes that have not always led to the expected outcome and should therefore be completed by more flexible formats.¹¹ With its Strategy for Climate Foreign Policy, Germany is seeking to complement its traditional diplomacy with a multitude of formats and partnerships.

11. M. Feist, "New Alliances – Plurilateral Initiatives as a Mode of Cooperation in International Climate Politics," *SWP Research Paper*, June 9, 2023.

Charting a course in the jungle of Climate Foreign Policy

Speaking with one voice: a specific institutional framework

Germany's new Strategy on Climate Foreign Policy serves as an inter-ministerial guide to strengthen the coherence of the work of the four federal ministries responsible for international climate policy. These four ministries – representing a “cloverleaf” – are:

- the Federal Foreign Office (AA, Auswärtiges Amt) and its new International Climate Policy Department;
- the Federal Ministry of Economic Affairs and Climate Action (BMWK);
- the Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV);
- and the Federal Ministry for Economic Cooperation and Development (BMZ).

The objectives, timetables and measures set out in the new strategy should guide these ministries in international processes, in foreign trade policy and in bilateral relations with other countries. The development of the strategy was accompanied by a dialogue process, led by the German Society for Foreign Affairs (DGAP),¹² involving civil society, representatives of non-governmental organizations and think tanks. While the experts remain generally critical of the concrete outcome of the strategy, the inclusion of a wide range of stakeholders has been widely appreciated. Paradoxically, German industry, which is crucial to the implementation of

12. “Dialogue Process on a Strategy for Foreign Climate Policy,” DGAP, available at: <https://dgap.org> Moreover, several research institutes and think tanks have positioned themselves upstream of the policy process with studies and memorandums outlining the contours of a new framework document of a new framework document: see in particular V. Künzel, L. Schäfer, A. Goritz et al., “Klimaaußenpolitik für Sicherheit, Wohlstand und Gerechtigkeit,” October 27, 2023, German Watch, Hintergrundpapier, available at: www.germanwatch.org; the paper by the Ariadne Group, funded by the Federal Ministry for Education and Research by C. Flachsland, J. Steckel, M. Jakob et al., “Eckpunkte zur Entwicklung einer Klimaaußenpolitikstrategie Deutschlands,” Kopernikus-Projekt Ariadne, August 2023, available at: <https://ariadneprojekt.de>; and the New Climate Institute's assessment of foreign climate policy by L. Kahlen, A. Kachi, M.-J. Kurdziel et al., “Climate Audit of German Foreign Policy,” September 2022, available at: <https://newclimate.org>.

the strategy, was not formally included.¹³ However, representatives of German companies regularly accompany ministers or the Chancellor on visits abroad. For example, Chancellor Olaf Scholz was accompanied by representatives from Siemens on his visit to Nigeria in October 2023,¹⁴ and Robert Habeck, Minister for Economic Affairs, was accompanied by representatives of Enertag in Namibia in December 2022.¹⁵

So far, Germany's international climate policy has been marked by a lack of coherence, characterized by the pursuit of individual initiatives by each ministry.¹⁶ However, this is not a peculiarity of climate policy, but reflects the principle of the competence of each ministry (*Ressortprinzip*), fundamental to the German political system, which is less centralized than in France. Aware of these shortcomings, Jennifer Morgan, the Special Envoy for International Climate Action (*Sonderbeauftragte für internationale Klimapolitik*), a position first created when the new coalition took office, has pushed to set up a "German team" (*Team Deutschland*) to take action during annual COP negotiations. This is a grouping of several ministries responsible for climate and energy affairs with the Chancellery not being included. The German government is thus resorting to a new, smaller mechanism, rather than using a body set up in 2019 by the former German Chancellor, Angela Merkel, and her "climate cabinet" (*Klimakabinett*). Guided by the Chancellery, it brought together six ministries (environment, economy, finance, agriculture, transport, and construction) by focusing on climate issues in Germany, while the AA (led by the Greens) and the BMZ (led by the Social Democrats) were excluded. They are now among the main players, along with the BMWK (led by the Greens) and the BMUV (led by the Social Democrats).¹⁷ This institutional about-turn was prompted by the Greens' determination to shape international climate policy, notably through the AA, which created a brand-new climate department headed by Jennifer Morgan, former Director of Greenpeace International, and drawing on the human resources of the BMUV and BMWK.

13. Interview with a representative of a German industrial federation.

14. "Kanzler Olaf Scholz an Erdgas aus Nigeria interessiert," *Wirtschaftswoche*, October 30, 2023, available at: www.wiwo.de.

15. "Habeck reist nach Namibia: Mit Wasserstoff aus Afrika zur Energiewende," *Zdf*, December 4, 2022, available at: www.zdf.de.

16. C. Flachsland, J. Steckel and M. Jakob et al., "Eckpunkte zur Entwicklung einer Klimaaußenpolitikstrategie Deutschlands," *Kopernikus-Projekt Ariadne*, August 2023, available at: <https://ariadneprojekt.de>.

17. Interview with a Green Party member of the Bundestag.

The presence of the Greens is also evident in the decisive bodies of parliament, namely the Committee for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection, chaired by the Green Member of Parliament (MP) Harald Ebner, and the Sub-Committee for International Climate and Energy Policy, chaired by Green MP Lisa Badum.¹⁸ Therefore, the Greens could be considered the victors of the intense negotiations for the coalition agreement in 2021. However, the systematic delays of the various governmental strategies have revealed that the new responsibilities assigned have so far failed to facilitate intergovernmental coordination. That's why the new Strategy for Foreign Climate Policy of December 6, 2023, calls for the creation of a meeting of Secretaries of State to coordinate climate objectives between ministries. Furthermore, this body will be responsible for strategic foresight, in order to prepare and guide future policies.

Nevertheless, the various stakeholders and their respective positions, specific to each party holding a ministry or the chancellery, manifest themselves in the various strands of the strategy. Thus, the strategy is based on six priorities, pursuing different types of objectives (see graph below).



Sources: based on data from the German Federal Government.

18. Unterausschuss Internationale Klima- und Energiepolitik, Bundestag, available at: www.bundestag.de.

The wide range of sub-themes relating to climate and energy issues is certainly one of the main reasons why the elaboration of the governmental strategy has taken so long.¹⁹ The non-exhaustive list of issues addressed by the strategy includes mitigation, adaptation, loss and damage, biodiversity, restoration of ecological systems, reform of the climate financing system, risk management in the event of natural disasters, social justice of the energy transition in third countries, the decarbonization of industry, the health sector, education, research and development, as well as security and peace considerations of climate change.²⁰ The strategy has been hailed by Germany's partners at the Organisation for Economic Co-operation and Development (Dechem) as the most comprehensive in the field of international climate policy.²¹ At least on paper, Germany seems to have made a strong impression in expert circles with this strategy document, even if overall media attention was somewhat overshadowed by the COP negotiations in Dubai, held in parallel to its publication.²² The strategy claims to be firmly anchored in the European and multilateral framework.²³ However its elaboration has not been discussed at the European level, and it appears not to have been officially presented in the various forums coordinating European climate diplomacy.²⁴ Germany is a member of the Group of Friends for an Ambitious EU Climate Diplomacy, launched by Denmark and joined by a dozen other Member States, which agreed on common positions by their climate envoys ahead of COP28.²⁵ This is, however, an initiative based on the goodwill of each Member State.

⇒ **Germany should be the driver behind shaping an external strategy for the European Green Deal, together with a High Representative for the Green Deal worldwide, to ensure the coherence of the EU's climate and geo-economic action.²⁶ To achieve this, it needs to align its strategy and partnerships with the**

19. The delay of the strategy was cited as the biggest failure of Germany's foreign climate policy by all interview partners, including government representatives. Publication of the strategy was originally scheduled for the Petersberg Climate Dialogue in May 2023.

20. See pages 16 and 17 of the strategy.

21. This is a meeting of "Climate Friends," organized by the OECD.

22. This impression is confirmed by an interview by journalist Florence Schulz of the *Tagesspiegel* (present at COP28), with Vishwas Chitale of the Council on Energy, Environment, and Water, during Jennifer Morgan's presentation of the strategy to the DGAP, available at: <https://dgap.org>.

23. See strategy on page 5.

24. This view is supported by researchers at the New Climate Institute, who have evaluated German and European climate diplomacy. The initiatives of the external dimension of the EU Green Deal are based on the "Team Europe" approach, initially created by European Commission President Ursula von der Leyen during the Covid crisis, as well as on the projects grouped together in the Global Gateway initiative: see L. Kahlen, I. Outlaw, A. Kachi, "Climate Audit of EU's Foreign Policy," New Climate Institute, May 2023, p. 54, available at: <https://newclimate.org>.

25. "Joint Statement of EU Group of Friends on Climate Diplomacy," November 13, 2023, Danish Ministry for Foreign Affairs, November 14, 2023, available at: <https://via.ritzau.dk>.

26. M.-A. Eyl-Mazzega and D. Gherasim, "How Can the Green Deal Adapt to a Brutal World?," *Ifri Studies*, January 2024, available at: www.ifri.org.

European framework. Putting the diplomatic tools deployed by other Member States into perspective would make it possible to identify best practices and amplify the main levers of this new diplomacy, namely partnerships with third countries.

Germany's toolbox on Climate Foreign Policy

In its drive to forge a new foreign climate policy at the international level, the German government can draw on a multitude of formats and consultation platforms. So far, there has never been a single strategy bringing together all existing national, European, and multilateral initiatives. However, the new climate strategy will not detail out all the actions to be implemented at the operational level. Many of them depend on a multitude of factors in terms of feasibility, including the commitment of other partners regarding their level of ambition in the fight against climate change and major geopolitical upheavals such as new conflicts, particularly the war in Ukraine, which could emerge and destabilize value chains.

Long before the publication of its new strategy, the German government sought to launch several initiatives anchored in the formal frameworks of the COP, the G7, the G20, the OECD and the EU. At a meeting chaired by France as part of the OECD's Friends of Climate Group, Jennifer Morgan emphasized that bilateral partnerships with certain third countries are a real lever for Germany's foreign climate policy. Taking the example of the High Ambition Coalition for Nature and People (HAC), the accession of several emerging countries was facilitated by upstream collaboration in the form of climate dialogues. In addition to bilateral initiatives, Germany is also committed to a more multilateral framework, whether through the so-called JETP partnerships of the G7 and EU, or the creation of its Climate Club. The latter was launched when Germany held the G7 presidency in 2022.²⁷ Indeed, the timing was right to position itself as a key player in climate policy.²⁸

Using Germany's embassies worldwide more strategically is one way of steering its foreign climate policy, led by the Foreign Ministry (AA). More than 50 embassies have been labelled as Core Climate Embassies (*Klimaschwerpunktbotschaften*), chosen for the high emission levels of the countries in which they are situated (India, China, USA) or their

27. Germany also used its G7 presidency in 2015 to prepare well for the COP21 Paris agreement, as an expert from a German think tank pointed out in an interview.

28. F. Schulz, "Klimaschutz in der Außenpolitik: Wie die Regierung international Einfluss sichern will," *Tagesspiegel*, December 6, 2023, available at: www.tagesspiegel.de.

vulnerability (Fiji Islands).²⁹ In the same spirit, Germany intends to align its climate with its trade policy through the inclusion of the private sector and chambers of commerce and industry, which are present in many countries around the world.³⁰

- ⇒ **Germany should use its Core Climate Embassies proactively to better understand local priorities of selected third countries. It should be particularly receptive to their needs, by better communicating German and European support in the energy transition within win-win partnerships.**

Serving mutual interests through climate, energy, and development partnerships?

With partnerships for climate, energy and development, the traffic light coalition is placing an instrument with high potential at the heart of its foreign climate policy. Partnerships link several issues³¹ including measures concerning climate change mitigation and adaptation, biodiversity conservation and climate resilience, support of the energy transition in third countries via the deployment of RE, the exchange of best practices in industrial decarbonization, and agreements on green energy production, notably using hydrogen in the case of specific H₂ partnerships.

Emerging countries are key partners for climate initiatives. They have a high demand for energy and exploit resources, although they do not always respect the same environmental, social and governance standards. Their RE potential is significant, and there is considerable scope for CO₂ reduction thanks to technological advancements. Emerging countries generally lack the financial capacity and the tools to reduce their GHG emissions, and their priority is often economic development and achieving widespread access to energy, particularly in Africa. Accompanying them on the path to resource-efficient, low-CO₂ growth is crucial to global climate efforts. For potential partners, collaboration on climate policy is a way of better controlling their emissions by gaining access to cutting-edge expertise and technologies, enabling them to modernize and emerge as a regional trailblazer. Establishing closer relations with Germany, an economic and technological leader within the EU, can serve the interests of these

29. See strategy page 28-29.

30. See strategy on page 17.

31. The concept of "issue linkage" in political science is often attributed to Robert O. Keohane and Joseph S. Nye, who introduced the concept as part of their analysis of complex interdependencies and transnational relations in their book *Power and Interdependence*, published in 1977. The authors explore how states and non-state actors coordinate and negotiate in different fields, linking various international issues such as economic, environmental and security affairs.

countries.³² For many states, particularly in Asia, Africa and Latin America, the growing demand for raw materials for Germany's successful green transition represents an opportunity. In geopolitical terms, countries like Brazil find themselves in a more comfortable position and are often even spoilt for choice when it comes to choosing their partners.³³ In some cases, these countries can claim to be under pressure to choose sides in the Sino-American geostrategic competition. According to Germany's Foreign Minister, Annalena Baerbock, the new partnerships could above all help to overcome divisions and align with the objectives of the Paris Agreement.³⁴

The government's strategy mentions six key countries or regions to illustrate the variety of partnerships that exist, without really detailing their nature.³⁵ By concluding "partnerships" or "dialogues" on climate issues with the USA (2022) and China (2023), Germany seeks an exchange between the biggest GHG emitters, the highly industrialized players as well as the biggest RE producers. The dialogue with China aims to exchange best practices on green technologies, the circular economy, sustainable mobility and industrial decarbonization. However, topics systematically avoided are the phase-out of coal while the establishment of such a dialogue in itself can be seen as a remarkable success of Germany's Climate Foreign Policy.³⁶

Another type of partnership aims to increase cooperation with countries particularly affected by climate change, even though they have contributed little to it. In this context, the German government is proposing to step up its commitment to the small Pacific islands, which are particularly vulnerable and primarily affected by loss and damage. Germany is therefore seeking to promote more climate justice. This requires finding ways to help vulnerable countries to adapt to climate change, in particular by enabling them to benefit from the new Loss and Damage Fund launched at COP28 in Dubai in 2023.

Other partnerships target pioneering countries in each region, such as Brazil in Latin America or Kenya in Africa. The underlying idea is that collaboration on climate and energy issues has a radiating effect and could ideally lead to positive spin-offs in other surrounding countries. In the case of Kenya, the main challenge is to supply the African continent with 100%

32. U. Speck, "Klimapartnerschaften als Baustein einer strategischen Außenpolitik," Konrad Adenauer Stiftung, February 13, 2021, available at: www.kas.de.

33. C. Detsch, "Wir haben keine Atempause," Friedrich-Ebert-Stiftung, September 13, 2023, available at: www.fes.de.

34. "Emissionen senken, global handeln, Chancen ergreifen: Die Klimaaußenpolitikstrategie der Bundesregierung," Federal Government, December 6, 2023, available at: www.bmwk.de.

35. The strategy also mentions other forms of cooperation, such as regional or European initiatives (the EU's Eastern and Southern Partnerships) or organizations such as ASEAN, ECOWAS, etc. The importance of the countries of the Western Balkans is underlined in terms of their electricity systems which are linked to the EU's.

36. "Deutsch-Chinesischer Klimadialog: Wichtige politische Aufwertung des Themas," Germanwatch, June 20, 2023, available at: www.germanwatch.org.

renewable energy, while in Brazil, the emphasis is on protecting biodiversity and preventing the tipping point linked to the deforestation of the Amazon rainforest. The €200 million in funds that Germany plans to invest in Brazil will also help to target food security by making food & agriculture more sustainable. But beyond cooperation on the climate front, this type of partnership also pursues more geopolitical ambitions. The aim is to ensure a change of course in Latin America after the departure of President Jair Bolsonaro. For this reason, signing an agreement on an “energy and climate partnership” took place in the context of broader government consultations covering a wide range of issues. Brazil’s voice is particularly important *vis-à-vis* Russia in the context of the war in Ukraine. Using climate cooperation to achieve foreign policy objectives is therefore a clearly stated aim of Germany’s new governmental approach.³⁷

Although the government’s Strategy on Climate Foreign Policy seeks to bring these different partnerships together under a common approach, there is a real lack of overview and understanding of the different types of partnerships already in place or being planned. In line with the principle of ministerial autonomy (*Ressortprinzip*), various partnerships have been entered into in the past, sometimes by the BMWK (which maintains around 30 partnerships to date),³⁸ sometimes by the BMZ³⁹ or by the BMUV. The different governmental actors have not updated each other about the completeness of initiatives (even after the strategy was published in early December). This underlines the need for a common approach and alignment of initiatives. However, there seems to be a growing awareness of the need for a more global approach, as announced in the strategy which does not give any concrete indications how this future alignment should look like. Examples illustrating the Germany’s new commitments are the recent partnerships with Brazil and Colombia, put forward by the BMZ, BMUB, BMWK and AA.⁴⁰ However, interview partners point to a clear demarcation between distinct objectives, pursued by the type of each

37. See page 71 of the strategy.

38. These partnerships are established at both high-level political and technical levels within partner ministries, sometimes involving players from the scientific, societal and economic spheres. The first partnerships were formed in 2006 with China and India, and since then many others have been added, including with: Canada, the United States, Brazil, Chile, Algeria, Morocco, Tunisia, Jordan, Egypt, Israel, Turkey, Ethiopia, South Africa, Namibia, United Arab Emirates, Saudi Arabia, Oman, Qatar, Uzbekistan, Kazakhstan, Ukraine, Japan, South Korea, Vietnam, Australia and New Zealand (see page 78 of the government strategy). The main aims of these partnerships are to establish coherent energy cooperation, to accelerate the global energy transition, to step up the fight against climate change, and to open up new export prospects for German companies. The degree of commitment and the level of ambition associated with these objectives are defined in consultation with the partner countries.

39. According to the strategy, Germany has climate and development partnerships with Pakistan, Serbia, Rwanda, India, Peru, Kenya and Colombia, as well as a regional partnership with the Western Balkans. New partnerships are in the pipeline, notably with Morocco and Côte d’Ivoire (see page 79 of the strategy).

40. J. Siepen, “Deutschland und Kolumbien schließen Klimapartnerschaft,” June 21, 2023, available at: www.gtai.de.

partnership. This is particularly so for the energy partnerships led by the BMWK, and the climate and development partnerships led by the BMZ. While the first type of partnership consists of cooperation in the energy sector, climate protection and maintaining the 1.5°C warming target are relegated to the background. The federal government also aims to ensure a presence and better access for German companies to new markets abroad.⁴¹ By contrast, BMZ-led climate and development partnerships are pursuing goals geared more towards meeting Sustainable Development Goals (SDGs) and Nationally Determined Contribution (NDC) plans, to achieve stronger climate ambitions.

In addition to these bilateral initiatives, Germany is committed to multilateral energy partnerships, namely the Just Energy Transition Partnerships (JETPs), funded by the G7 and the EU. As Emmanuel Macron pointed out during his speech at COP28 in Dubai, the priority, particularly for the biggest emitters, should be to move away from fossil fuels, while phasing out from coal comes second for emerging countries.⁴² The JETPs seek to create long-term energy transformation plans for each country, lasting several decades. To date, four JETPs have been signed with South Africa (with a budget of \$8.5 billion), Indonesia (\$20 billion), Vietnam⁴³ (\$15.5 billion) and Senegal (\$2.7 billion). During its presidency of the G7, Germany was the driving force behind the conclusion of the JETP with Indonesia, which at the same time held the presidency of the G20.⁴⁴ These four emerging countries have promising economic prospects, yet, except for Senegal,⁴⁵ they are heavily dependent on coal for their electricity supply and industry. It is still too early to assess the effectiveness of this new type of partnership which the German government would like to extend in principle in order to increase the funding volume. Some of Germany's bilateral initiatives might therefore potentially lead to JETPs. Countries such as Colombia, Brazil, and Morocco, with which Germany is currently stepping up its cooperation, could be suitable partners even though setting up a JETP is costly and complex in terms of governance structure.

Nevertheless, this type of partnership is considered very promising. The Senegalese example shows that the inclusion of a wide range of actors from government, civil society and the private sector has enabled the

41. L. Weischer, S. Morgen et al., "Paris-Partnerschaften. Ein Beitrag zur Neuausrichtung der deutschen Klimaaußenpolitik an den Zielen des Pariser Klima-Abkommens," German Watch, Politik & Gesellschaft, Studie, p. 41.

42. Speech by President Emmanuel Macron at COP28 in Dubai, December 1, 2023, available at: www.elysee.fr.

43. Vietnam has seen its greenhouse gas (GHG) emissions increase by 500% in 2022 compared with 2000, see "Just Energy Transition Partnership (JETP) with Viet Nam," available at: www.bmz.de.

44. See page 73 of the strategy.

45. The JETP with Senegal was pushed forward by France for geopolitical reasons, as a German ministry official pointed out when interviewed for this study.

definition of a realistic strategy for achieving consensus on RE by 2030.⁴⁶ But as the Indonesian case shows, national ownership is considered limited, because the secretariat is run by international bodies. The South Africa case also reveals that phasing out coal is a particularly sensitive issue for a country in which 75% of energy and 100,000 jobs (10% of GDP) still depend on fossil fuel and the mining industry.⁴⁷ The governance set up for JETPs consists of the International Donors Group, to which Germany and France belong, as well as representatives of the third country. It must prove effective if the partnership is to run smoothly. For South Africa, there seems to be a lack of trust and “ownership” by South African representatives.⁴⁸ This revives post-colonial perceptions of the country having an energy model imposed on it, without self-determination, whereby donors dictate the tone of negotiations.⁴⁹ From this perspective, privatization of the energy sector has in particular enabled Western companies to invest massively in South Africa, and thus exploit primary resources without creating equitable value chains.

Financing alternative employment in coal-mining regions is an important element in accelerating the deployment of RE. But the fragility of the governance system, explains why only four JETPs have been concluded to date.

India had initially agreed to sign up for a partnership at the G7 summit in Elmau under the German presidency in June 2022. But it did not give the go-ahead in the end, considering that its move away from coal should take place at India's own pace. According to a representative of a German ministry, in contrast to bilateral initiatives such as the “Green and Sustainable Development Partnership” between Germany and India, JETPs define stricter, more binding criteria for participating countries in return for the considerable funding they raise. Although India is increasingly relying on RE in its electricity mix, and is building gigantic solar farms, the number of households relying on coal far exceeds those in South Africa. Indeed, India is the world's second-largest coal producer and third-largest emitter of GHG.⁵⁰ A move away from coal would impact the most vulnerable segments of the population in particular.⁵¹ But Germany is ready to accompany India if the country wishes to foster its energy transition, as

46. M. Torres Gunfaus, H. Weisman, “How Can JETPs Help COP28?,” Blog Post, December 7, 2023, IDDRI, available on: www.iddri.org.

47. Energy profile South Africa, total energy supply in 2020, IRENA, available at: www.irena.org.

48. H. von Lüpke, “The Just Energy Transition Partnership in South Africa: Identification and Assessment of Key Factors Driving International Cooperation,” Deutsches Institut für Wirtschaftsforschung, Discussion Papers 2062, 2023.

49. Y. Mulugetta, Y. Sokona, P. A. Trotter et al., “Africa Needs Context-relevant Evidence to Shape Its Clean Energy Future,” *Nature Energy*, Volume 7, November 2022, pp. 1015-1022.

50. “Distribution of Carbon Dioxide Emissions Worldwide in 2022, by Selected Country,” *Statista*, December 7, 2023, available at: www.statista.com.

51. “Why India Is Rebuffing a Coal-to-clean Deal with Rich Nations,” *Climate Home News*, September 13, 2023, available at: www.climatechangenews.com.

the Minister for Foreign Affairs, Annalena Baerbock, emphasized during a visit in December 2022.⁵² According to the Indian government, the JETP is considered to be a political statement. From this perspective, the G7 countries have a dominant position as they are looking to communicate about helping developing countries move away from fossil fuels, but not about India's own victory and pace in energy transition. This interpretation has not been insignificant in the run-up to national elections in April/May 2024. The government argues that coal is needed to meet the growing energy demands of its developing economy, and that this fuel is unfairly sidelined, while oil and gas, on which developed nations depend, are spared the debate.

It remains to be seen whether other partnerships of this kind will be concluded in the future, given that governance still needs to be put in place and the trust of potential partners secured. The JETPs can be used to encourage emerging countries to align themselves with the objectives of the Paris Agreement. This may involve working with donors to define common standards, or sharing objectives and itineraries that are regularly adjusted. JETPs have the potential to provide an effective framework for evaluating and improving international cooperation.

The German government has set itself the target of carrying out an impact assessment of bilateral and multilateral partnerships, by the end of 2024, to see whether its approach is proving effective.

- ⇒ **In the meantime, Germany should ensure that the different types of partnership are better aligned through a comprehensive mapping exercise, using forums such as the Berlin Energy Transition Dialogue, the Petersberg Climate Dialogue, and other political arenas, such as the Climate Club, to collaborate with third countries.**

The Climate Club: Olaf Scholz's flagship project

The Climate Club is an important instrument of German Climate Foreign Policy, set up in June 2022 following the G7 summit and officially launched at the COP28. The G7's findings are unequivocal: to achieve the climate objectives of the Paris Agreement, international action is currently insufficient.⁵³

52. "Zu Besuch bei einem Sechstel der Welt: Außenministerin Baerbock reist nach Indien," Federal Foreign Office, December 5, 2022, available at: www.auswaertiges-amt.de.

53. G7 Declaration on the Climate Club, Élysée Palace, June 28, 2022, available at: www.elysee.fr.

The Climate Club is one of Germany's key initiatives within its climate foreign policy to encouraging other nations to accelerate the pace of their decarbonization although it was initially planned to serve as a steering emission tool. At the European level, France succeeded in setting up a Carbon Border Adjustment Mechanism (CBAM) that was ultimately adopted as part of the Green Deal, along with its central legislative package – Fit for 55. The CBAM is in fact the counterpart of the European Emissions Trading Scheme (EU ETS), meaning that countries have to pay the same carbon price for their imports in the EU as if their products were produced inside the EU, via the purchase of CBAM certificates. The CBAM came into force in its transitional reporting phase on October 1, 2023, and covers steel, cement, aluminum, nitrogen fertilizers, hydrogen and electricity for importers from third countries into the EU, to avoid carbon leakage.⁵⁴ This could occur if EU-based companies move their CO₂-intensive production to countries with lower standards, or if more CO₂-intensive products are imported from countries outside the EU. Such a relocation of CO₂ emissions to countries outside Europe could jeopardize climate protection efforts in Europe and across the world.

To avoid excessive imbalances between Europe and other countries that import European products, notably the G7 member countries, the initial idea of the German government was to introduce a common carbon price. The aim was to reach an agreement with its main trading partners to prevent competitive disadvantages for European and German industry.⁵⁵ In a reference document, which had already been drawn up in 2021 by various German ministries, the federal government put great emphasis on the introduction of a minimum CO₂ price for members of the Climate Club. However, the other G7 members did not adhere to this concept, notably Japan and the United States, which do not or only partially possess a pricing system for CO₂ emissions.⁵⁶ In its June 2022 declaration, the G7 stressed that Member States should achieve emissions reductions through a variety of mechanisms, including “explicit carbon pricing and other mitigation and carbon intensity approaches.” Yet despite having to bow to the other G7 members, the German government is still advocating the introduction of a global emissions trading scheme, as restated in its Strategy for Climate Foreign Policy.⁵¹ In terms of image, the failure to impose a carbon price through the Climate Club is seen as the biggest defeat

54. “Mécanisme d'Ajustement Carbone aux Frontières (MACF),” Ministry of Ecological Transition and Territorial Cohesion, November 13, 2023, available at: www.ecologie.gouv.fr.

55. The idea, however, goes back to Nobel Prize-winning American economist William Nordhaus, who proposed that nations pioneering the fight against climate change could band together to jointly introduce a floor price for CO₂ emissions. This measure should mainly concern countries with robust economies. Furthermore, this proposal stipulates that other countries wishing to establish trade relations with members of this group would be obliged to align their policies with its minimum price for CO₂ emissions.

56. S. Dröge, M. Feist, “Schub für die internationale Klimakooperation? Der G7-Gipfel,” *SWP-Aktuell*, No.33, Stiftung Wissenschaft und Politik, May 2022.

for German climate foreign policy since the government took office in 2021. But the tide seems to have turned since the launch of the Club's operational phase at COP28 in Dubai. The findings of climate experts are adamant: the Climate Club is one of the most important measures in Germany's climate foreign policy.⁵²

The Club has kept the idea of advancing the climate dialogue among its frontrunners. However, its nature has changed completely. The club now focuses on industrial decarbonization rather than global carbon pricing. Since its inception, the Club has expanded to include 37 members,⁵⁷ including the G7 nations, as well as countries such as Kenya and Vanuatu. However, biggest GHG emitters – China, India, Brazil (or Russia) – are not members. Germany and Chile jointly hold the presidency until the end of 2025. A provisional secretariat has been set up within the OECD, which already has expertise in industrial decarbonization. According to Chancellor Olaf Scholz, the Club is made up of a heterogeneous coalition comprising developing countries, emerging economies, and industrial nations. The Club remains open to new members, which reflects its inclusive nature – a typically German approach. Serving as a forum for exchanging best practices in three main areas of green steel, industrial decarbonization and international partnerships, the Club is not intended to take binding measures or penalize its least ambitious members. It therefore seeks to encourage broad participation on the long run. That said, if all countries ended up taking part in the Club, it would lose its ambitious character of frontrunners. According to government representatives, this is an artificial and semantic debate over the term “club”. The term should be understood as referring to a format for open exchange, not as a place for restricted talks.

- ⇒ **It remains to be seen what effect the Climate Club will have in fostering industrial decarbonization, and whether it has the potential to seal new partnerships beyond the G7 membership. So far, no budget has been allocated. Jointly defining common standards and means of measuring emissions are today the Club's main priorities. Emissions from industrial production should be included in the future.**

57. Plus, the EU: see the official website for developments on the Climate Club, available at: <https://climate-club.org>.

A new approach, fraught with pitfalls

Hydrogen as a risky bet

To decarbonize Germany's industry, the use of hydrogen (H₂) will be essential for certain industrial processes that cannot be electrified.⁵⁸ This is particularly true of steel production, the backbone of German industry (the country is Europe's largest steel producer),⁵⁹ chemicals, as well as air and sea transport. Due to its high demand for RE, land-use conflicts and weather conditions that are less conducive to local H₂ production, Germany is forced to consider massive imports in the long term to ensure its energy security. The country has set itself the goal of becoming a pioneer in the development of H₂ technologies by 2030. In terms of financing and governance, Germany is already a leader in H₂ diplomacy. It has set up a central platform, H₂ offices in several countries, and a multitude of partnerships.

Collaborating with third countries will not only enable Germany to import H₂, but also to ensure technological leadership by covering the entire production value chain, as outlined in the federal H₂ strategy of 2023.⁶⁰ The previous German government had already published an initial strategy in 2020. This was updated by the government in 2023 and will be followed by a second framework document in 2024, covering imports only. In addition, a National Hydrogen Council was established in 2020.⁶¹ In 2021, France also declared its ambition to become a leader in H₂ by 2030.⁶²

The need for H₂ had been underestimated by the previous government. Before the outbreak of the war in Ukraine, the National Hydrogen Council had already estimated that a total energy equivalent of 44 TWh (1.3 million

58. To achieve carbon neutrality by 2045, Germany is counting mainly on the electrification of its industry using renewable energies. It has now set itself the ambitious target of achieving an 80% share of renewable energies in its energy mix, compared with the 46% target set by the previous government. In 2023, Germany did achieve a 59.7% RES share. According to the Federal Office for the Environment, Germany will have to double its renewable energy production to reach 600 TWh: see "Erstmals über die Hälfte des Stroms in Deutschland erneuerbar," Federal Office for the Environment, December 15, 2023, available at: www.umweltbundesamt.de.

59. "Stahlstandort Deutschland," Wirtschaftsvereinigung Stahl, available at: www.stahl-online.de.

60. "Fortschreibung der Nationalen Wasserstoffstrategie," Federal Government, July 2023, p. 6, available at: One-Stop-Shop – Wasserstoff (www.bmwk.de).

61. See the official website of the National Hydrogen Council, available at: www.wasserstoffrat.de.

62. As part of its France 2030 investment plan: see "Devenir le leader de l'hydrogène vert, voilà notre objectif avec France 2030 !", Élysée, November 16, 2021, available at: www.elysee.fr.

tons/year) would be “needed until 2030. As the need to decarbonize its industry becomes more urgent, the H₂ demand is likely to increase even further. Estimates in February 2023 had predicted an energy output requirement of 56 to 93 TWh by 2030.⁶³ But figures subsequently released in the strategy of July 2023 go even further, indicating 95 to 130 TWh, of which 45 to 90 TWh would have to be imported from abroad. Germany is planning to generate 10 GW of electrolysis itself, while France is aiming for 6.5 GW by 2030.⁶⁴ The aim of developing this capacity will be pursued through a combination of measures, including tenders for electrolyzers and Important Projects of Common European Interest (IPCEI). Yet, according to the latest analyses, Germany is unlikely to reach its production volume of H₂, scheduled for 2030. The German Academy of Engineering Sciences (Acatech) and the German Society for Chemical Engineering and Biotechnology (Dechema) have published a forecast indicating there will only be 8.8 gigawatts of installed capacity, 1.2 GW less than the government’s ambitions. A further leap to 23.4 GW is conceivable by 2035, though current capacity is only 79.8 MW (!), compared with 57 MW in 2022. There is clearly still a long way to go.⁶⁵

For ensuring imports, building balanced partnerships will be crucial. These are either part of broader bilateral energy and climate agreements, led by the BMWK, or climate and development partnerships, led by the BMZ, or dedicated hydrogen partnerships (*Wasserstoffpartnerschaften*), piloted by the BMWK. Yet, while the BMZ stresses the importance of local value creation and permanent employment through the production of green H₂, this approach is not in line with the objectives of the Ministry for Economic Affairs, which focus on the need to ensure the supply of green H₂ to German industries.⁶⁶ According to a government source, regular working meetings between the various units within the ministries have been set up, to align initiatives that are sometimes proliferating in the same partner country, as shown by the various GIZ projects, Germany’s executive agency for international cooperation.⁶⁷

63. Treibhausgaseinsparungen und der damit verbundene Wasserstoffbedarf in Deutschland, Nationaler Wasserstoffrat, 1. February 2023, available at: www.wasserstoffrat.de.

64. The updated national hydrogen strategy calls for 10 GW by 2035. The strategy has been open to consultation until January 19, 2024, available at: www.ecologie.gouv.fr.

65. “Deutschland wird Elektrolyseziele 2030 knapp verfehlen,” MDR, September 8, 2023, available at: www.mdr.de.

66. A. Stamm, T. Altenburg, R. Strohmeier et al., “Green Hydrogen: Implications for International Cooperation,” Idos German Institute of Development and Sustainability, *Idos Discussion Paper*, No. 9, 2023, available at: www.idos-research.de.

67. The GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) provides technical advice and strengthens local capacities to harness the H₂ potential. The organization is under supervision from the BMZ, and since 2019, it has been implementing the “Hydrogen Business Alliance” in several countries, with a current focus on Namibia. There are also country-specific projects, such as with South Africa, where GIZ has set up the H₂.SA initiative to provide technical advice on local hydrogen production. Under the auspices of the BMWK, the GIZ is implementing the H₂Uppp (International Hydrogen Ramp-Up) project to support the acceleration of the market for green

One example that seems to be contributing to better alignment and collaboration between different government bodies are the specialized hydrogen offices (H2diplo), piloted by the AA. The offices are supervised by GIZ, which operates in several cities in Nigeria, Angola, and Saudi Arabia, and through planned offices in Ukraine and Kazakhstan⁶⁸. These are mainly partnerships with countries facing geopolitical instability. Hydrogen is seen as a tool for promoting peace through trade. The offices aim to encourage current fossil fuel exporters to reorient their business models, to reduce the risks to energy security. Partner countries are supported to review their export structures and trade policies. Furthermore, a dialogue on the geopolitical and diplomatic issues raised by H₂ has been started. Exchanges are stimulated at various levels through a series of events, in cooperation with political players, chambers of commerce and industry, Germany Trade and Invest (GTAI) and players from civil society.

The H2Global financial mechanism operates through a dedicated foundation and an international tendering system for the purchase of green H₂ or its derivatives. The lowest bid wins the tender and a long-term contract to encourage investors to invest in this new technology.⁶⁹ To avoid creating distortions through its bilateral initiatives, Germany wishes to coordinate its policy through its Climate Club, in order to enable “reliable global supply,” as Chancellor Olaf Scholz recalled on January 19, 2022, at the economic forum in Davos.⁷⁰

Germany's enthusiasm for H₂ is being criticized by its European partners, including France.⁷¹ The concerns expressed focus mainly on three areas. Firstly, there is the question of Germany's heavy dependence on third countries, estimated at between 50 and 70%, with a tendency to move closer to the upper 70% threshold. This raises questions about Germany's ability to secure enough H₂, given that very few countries in the world currently can sufficiently supply the necessary H₂. The second point of concern is the current lack of proven transport solutions for H₂ over long distances, such as sea freight. Without reliable and efficient means of transport, getting H₂ from remote regions to Germany's industrial centers remains a major challenge.⁷² The third concern is that Germany is primarily

hydrogen and Power-to-X (PtX) applications in some 15 countries, as well as the establishment of energy partnerships. GIZ is also implementing the “PtX-Hub” program. This is a platform created at the end of 2019 under the former government and supported by the BMWK, along with the International Climate Initiative (IKI), which is a key instrument for international climate financing.

68. The H2diplo office in Moscow has been closed due to the war in Ukraine.

69. “Was ist eigentlich H2 Global?,” Federal Ministry for Economic Affairs and Climate Protection, January 25, 2023, available at: www.bmwk-energiewende.de.

70. “Speech by Federal Chancellor Olaf Scholz at the World Economic Forum's Davos Dialogue,” Federal Government, January 19, 2022, available at: www.bundesregierung.de.

71. “La crise énergétique fragilise la relation entre la France et l'Allemagne. Interview,” *Les Échos*, June 30, 2023, available at: www.lesechos.fr.

72. Interview with Annabelle Livet, Fondation pour la recherche stratégique.

interested in promoting green H₂, and is hostile to H₂ produced from nuclear power.

Unlike Germany, France's strategy focuses on strengthening national capabilities and exchanging know-how, rather than on exports.⁷³ However, the tide seems to have recently turned in France with the present updating of its H₂ strategy, which goes back to 2020, as in Germany. The new strategy points out that importing decarbonated H₂ could, in the medium term, offer advantages in addition to local production, with the first imports starting in 2030, and then occurring more extensively from 2040.

Actors in the development field wonder about the risk of reproducing post-colonial patterns while collaborating with third countries.⁷⁴ They underline the danger of exploiting the natural resources of emerging countries without making a fair contribution to their economic development. Indeed, necessary infrastructure requires a substantial investment in capital and technology, requiring little labor force, apart from during the construction phase. These are usually large-scale infrastructures delivered ready-for-use by multinational companies. The chances of establishing local component supply industries are deemed potentially to be very limited.⁷⁵ Technology transfer, necessary for the installation of electrolyzers and local infrastructure, highly depends on having a sufficient supply of local skilled workers. In the case of Namibia, Germany's Federal Ministry of Research is promoting a Namibian H₂ strategy and a training program for local professionals to remedy these shortages. In addition, Germany contributed to launch a master's program in 2021, dedicated to green H₂ technologies, and aimed at students from the countries of the Economic Community of West African States (ECOWAS).⁷⁶

In its Strategy for Foreign Climate Policy, the government argues that it intends to promote local production of green H₂, aligned with eco-responsible management of water resources for the manufacture of nitrogen fertilizers, and will also encourage the sharing of know-how for sustainable agriculture in third countries.⁷⁷ The idea is to enable partners to foster their industrialization in a sustainable way. This could mean that Germany will eventually transfer some of the added value of H₂ production. Germany is a highly industrialized country and needs H₂ to decarbonize its

73. I. Bouacida, "France's Hydrogen Strategy. Focusing on Domestic Hydrogen Production to Decarbonise Industry and Mobility," Research Institute for Sustainability (RIFS), June 2023, p. 15, available at: <https://publications.rifs-potsdam.de>.

74. Interview at a conference on energy and climate partnerships with Africa, Germany, and France, organized by Ifri and the Friedrich Ebert Foundation in November 2023.

75. T. Altenburg, A. Stamm, R. Strohmaier, "Globale Energiewende. Grüner Wasserstoff – ein Beitrag zur Just Transition?," March 13, 2023, *die aktuelle Kolumne*, IDOS, available at: www.idos-research.de.

76. "Welche Projekte für die internationale Wasserstoff-Kooperation fördert das BMBWF?," Federal Ministry of Education and Research, July 26, 2023, available at: www.bmbwf.de.

77. See strategy on page 40.

industry more than most emerging or developing countries. These countries do not always have the same need to install new infrastructure as the Desertec project to promote renewable energies in North Africa revealed.⁷⁸

From the South African point of view, restructuring steel value chains by generating value on site would fit the interest of South Africa more rather than transporting H₂ or its derivatives at a high cost for steel production in Germany.⁷⁹ On the other hand, as Chancellor Olaf Scholz emphasized at the Compact with Africa economic summit in Berlin in November 2023, collaboration on the H₂ represents an opportunity for these emerging countries in terms of foreign direct investment, the creation of manufacturing industries and technological potential.⁸⁰ For other emerging and more industrialized countries, such as Brazil, the desire to cooperate with Germany is unquestionable. Brazil has already entered into partnerships with China, a major competitor in the deployment of green technologies worldwide but could supply up to 40% of Germany's future energy needs, including H₂.

Apart from the special case of Namibia, which was a former German colony, Germany enjoys a more neutral position than players such as France concerning African, Latin American, or Asian countries, since it is recognized as being one of the main donors of climate financing. This "carte blanche" could also help to establish partnerships without taboos, unclouded by difficult historical relationships.⁸¹

Another risk for producer countries, according to the German think tank E3G, could be a rise in their electricity prices. Many are already struggling to ensure equitable access to electricity for their inhabitants with 600 million people in Africa having no access to electricity and around one billion without access to clean cooking.⁸² At the same time, the more countries have other productive uses for energy, going beyond the H₂ industry, the higher incomes will be for local populations, and the more these populations will be able to meet electricity bills and therefore support the development of local energy systems.

At present, no H₂ project is operational yet, and investment plans do not clearly state when deliveries could begin.⁸³ However, a multitude of

78. "Was wurde aus Europas Traum vom grünen Wüstenstrom?," *Wirtschaftswoche*, August 5, 2019, available at: www.wiwo.de.

79. A French think tank researcher interviewed for this study.

80. For example, Germany plans to fund the "Africa-EU Green Energy Initiative" with €4 billion: see "Afrika als Partner für die nachhaltige Wirtschaft stärken," Federal Government, November 20, 2023, available at: www.bundesregierung.de.

81. Interview with a German researcher who has taken part in several COP negotiations and has been observing climate diplomacy for a long time.

82. M.-A. Eyl-Mazzega, "A Framework for a Win-Win Europe-Africa Energy and Climate Partnership," *Ifri Papers*, July 2023, p.10, available at: www.ifri.org.

83. According to economist Rita Strohmaier in "Grüner Wasserstoff: Hype oder Hoffnung?," *Weltspiegel* podcast, June 17, 2023, available at: www.ardaudiothek.de.

exploratory projects exist, and declarations of intent have been signed with several countries (see table below).

Selection of German Hydrogen Agreements				
Country	Agreement	Content of the Agreement	Date of Signature	Volume
Canada	Joint declaration of intent between the Government of Canada and the Government of the Federal Republic of Germany on establishing a Canada-Germany Hydrogen Alliance	<ul style="list-style-type: none"> - Harmonize their policies to enable investment in H₂ projects - Support the development of secure supply chains: * to establish a transatlantic supply corridor between Canada and Germany * bilateral and multilateral collaboration in research, development and demonstration (R, D&D) 	March 2021, August 2022	500,000 tons/year of green ammoniac
Chile	Letter of intent for a bilateral alliance on H ₂ production and trade	<ul style="list-style-type: none"> - Facilitate the development of H₂ supply chains - Share regulatory knowledge and experience - Promote the development of low-carbon emissions - Research, pilot and demonstration projects - Haru Oni project: production of green H₂ from wind energy 	June 2021	<p>Overall cost of the project: 74 million USD, share of BMWK: 8.2 million EUR</p> <p>130,000 L/year of eFuel</p>
Morocco	Cooperation Agreement on the Production of green H ₂	<ul style="list-style-type: none"> - Design, construction and commissioning of a large-scale reference plant (100 MW) for the production of green H₂ + PtX by-products, solar and wind power generation, electrolyser and seawater desalination plant. - Green H₂/PtX research platform - Advising the National Hydrogen Council in the fields of training and research - Training and skills partnerships on regulatory framework conditions 	June 2020	<p>300 million EUR</p> <p>Electrolysis capacity of 100 MW</p>

Namibia	Joint Communiqué of Intent between the Government of the Republic of Namibia and The Federal Republic of Germany in the Field of Energy Resources	<ul style="list-style-type: none"> - Green ammonia production in Namibia - H₂ export to Germany - Construction of wind farms and photovoltaic power plants - Use of the port of Lüderitz for seawater desalination - Exchange of training and scholarship students 	March 2022	<p>Overall cost of the project : 10 billion USD, German contribution of 40 million</p> <p>Total capacity of 7 GW</p>
Saudi Arabia	Memorandum of Understanding between the Ministry of Energy of the Kingdom of Saudi Arabia and the Federal Ministry for Economy and Energy of the Federal Republic of Germany on Hydrogen	<ul style="list-style-type: none"> - Knowledge exchange and deployment of German technologies in Saudi Arabia - Green H₂ production plant in Oxagon 	March 2021	<p>Overall cost of the project: 8.5 billion USD. KfW bank + IPEX contribute with 325 million USD.</p> <p>600 tons green H₂/day</p> <p>Total electrolysis capacity of 2.2 GW</p>
Australia	Declaration of Intent between the government of Australia and the government of Germany on the Australia-German Hydrogen Accord	<ul style="list-style-type: none"> - Building a H₂ supply chain between Germany and Australia based on HySupply feasibility study - HyGate (German-Australian Hydrogen Innovation and Technology Incubator) research and demonstration initiative - Collaboration with Australian H₂ hubs to reduce production costs in selected regions - Facilitate H₂ trade between the two countries through H2Global - Closer practical collaboration under the aegis of the Australia-Germany Energy Working Group (EWG) 	June 2021	<p>Australia: 50 million (35.5 million USD)</p> <p>Germany: 50 million EUR (54.4 million USD)</p> <p>150,000 tons/year of green methanol</p>
Egypt	Joint Declaration of Intent on Partnership on green H ₂ and LNG	<ul style="list-style-type: none"> - Creation of a development base for the production and transport of green H₂ - Distribution of green energy to produce H₂ on the banks of the Red Sea - Explore export opportunities to Germany 	November 2022	285 million EUR within the NWFE program

⇒ **Their implementation will determine whether Germany wins its bet on hydrogen.**

A unanimous climate approach thwarted by internal quarrels?

Despite being presented as an encompassing approach by the German government, not all the coalition partners appear to be equally committed to Germany's Foreign Climate Policy endeavors. Promoted by the Green Party, which holds the AA, the BMWK and the BMUV, the Climate Foreign Policy concept is still mainly a project of the Greens, with the Social Democrats coming second. But above all, the Liberals do not adhere to the framework in the same way.⁸⁴ Against this background, it becomes understandable why the various measures and projects presented in the new Strategy on Climate Foreign Policy have not been costed. Their financing is not always assured unless projects already secured stable funding. For instance, the government wants to beef up its capacity in some of its Climate Core Embassies (*Klimaschwerpunktbotschaften*). Yet, expanding these to 56 is expected to require additional funding, at a time when the AA is being forced to restrict its overall budget.⁸⁵ Moreover, alignment with the Ministry of Finance is essential. Moreover, Germany's continued commitment to international climate financing has been called into question by the Constitutional Court's ruling of November 15, 2024, being compelled to comply with Germany's "debt brake". The government is therefore obliged to make budget cuts of up to €60 billion across the board. In an interview on December 4, 2023, Finance Minister Christian Lindner questioned Germany's international financial climate commitments. He mentioned Germany's disproportionate contribution to climate funds compared with other donors:

"We need to look at how we engage internationally. We're doing a lot to support Ukraine. At the same time, we are also a leader in development cooperation and international climate financing. We need to ask ourselves whether there might not be a more equitable sharing of international burdens, and whether our own commitments might not be more focused. We're happy to stay in first place. But maybe the gap with the second place can be reduced."⁸⁶

Therefore, to maximize the impact of its climate foreign policy, more operational measures should be drawn up to ensure the accountability of all coalition partners and their respective ministries.

According to one person working for the Liberal group in the German parliament, there is no middle ground in the political discourse on climate

84. A definitive assessment of the interviews conducted as part of this study. See also C. Cassel, A. Jaekel, "A First Assessment of Germany's Climate Foreign Policy Strategy," *E3G Blog*, December 18, 2023, available at: www.e3g.org.

85. "Haushalt 2024: 2,23 Milliarden Euro für humanitäre Hilfe," Deutscher Bundestag, January 19, 2024, available at: www.bundestag.de.

86. Literal translation of the interview quote by Christian Lindner: "Federal Ministry of Finance: Bundesfinanzminister Christian Lindner im Interview mit der Funke Mediengruppe," December 4, 2023, available at: www.bundesfinanzministerium.de.

issues. Debates are deemed too ideological, with the far right denying the very existence of climate change and the Greens pursuing an “alarmist” and “apocalyptic” approach. The Liberals (and to a lesser extent the Social Democrats) are considered more “pragmatic” when it comes to new technologies such as CO₂ capture. They are even more open to new-generation nuclear technology, mirroring the attitude of the Nordic countries, particularly Norway. According to one Liberal stakeholder, the German government’s current position on nuclear power *vis-à-vis* its European partners, particularly France, is perceived as an “aberration”, or even as “moralizing”. Instead of trying to impose its own model on third countries, Germany should first equip itself with a modern infrastructure, especially for H₂, and stop putting forward principles such as gender equality as part of its feminist foreign policy for example.

Faced with this criticism, the Social Democrats are participating actively in the debate, as pointed out by a staffer working for the green group. While the most tangible fault lines are between the Greens and the Liberals, notably on the deployment of new technologies and the question of subsidies, the Greens and the Social Democrats argue over the promotion of gas abroad. In an interview with *Der Spiegel*, the Green MP Lisa Badum, Chair of the Subcommittee on International Climate and Energy Policy, and SPD MP Karamba Diaby openly set out their differences: Mr. Diaby, a native of Senegal, sees Germany’s intention to promote gas in Senegal as “an opportunity to modernize the country;” by contrast, the Green MP warns of domino effects on other countries. She mentions the case of Tanzania, which could be encouraged to follow the Senegalese model.⁸⁷ According to the Glasgow Climate Pact of 2021, the international community agreed to abolish fossil fuel subsidies.⁸⁸ Although no definitive agreement has yet been reached with Senegal, Chancellor Olaf Scholz has indicated Germany’s interest in acquiring Senegalese liquefied gas.⁸⁹ In parallel with these government talks, the Green parliamentarians commissioned a study by two non-governmental organizations – German Watch and New Climate Institute. It was published in June 2023 and outlines a strategy to achieve 100% renewable energy in Senegal.⁹⁰

The same dissonance can be observed concerning Nigeria, a country that Chancellor Olaf Scholz visited in October 2023. It is one of the key countries in the intensification of bilateral trade relations between Germany and certain African countries, particularly in the context of the G20 Compact with

87. “Debatte über Gasdeal mit dem Senegal. ‚Unsinn!‘ – Nimmst du unsere Partner überhaupt ernst?,” *Der Spiegel*, March 5, 2023, available at: www.spiegel.de.

88. “Bilan des négociations climatiques de Glasgow (COP26),” Senate, Information Report No. 279 (2021-2022), December 9, 2021, available at: www.senat.fr.

89. “Scholz und der Senegal: Den Vorwurf der Doppelmoral muss der Kanzler sich gefallen lassen,” *Tagesspiegel*, December 1, 2022, available at: www.tagesspiegel.de.

90. “Studie Erneuerbare im Senegal. Klimapartnerschaft mit Senegal,” Bündnis 90/die Grünen Bundestagsfraktion, June 2, 2023, available at: www.gruene-bundestag.de.

Africa. The German government has agreed that Nigeria will provide up to 2% of its liquefied natural gas supply.⁹¹ Green politician Lisa Badum considers it:

“a scandal and contrary to our international obligations that Scholz is asking companies and states to increase their fossil fuel investments in the global South. We can't afford a 'climate chancellor' who becomes active when it comes to new fossil resources, but who stands idly by when it comes to the switch from dirty natural gas to RES.”⁹²

This criticism is shared by environmental organizations such as BUND, which refers to the Chancellor as “a friend of renewable energy – for whom protecting nature protection and biodiversity are foreign.”⁹³

⇒ **In order to successfully transforming its energy system, the alignment of positions within the German government will be crucial also to Germany's positioning as a credible player on the international stage.**

Being credible in the world: the failure to meet domestic climate targets

Although Germany has set ambitious climate targets, there is a notable gap between its aspirations and the measures actually implemented. Despite its determination to position itself as a leader in international climate policy, Germany will find it difficult to meet its 2030 target of reducing carbon emissions by 65% compared to 1990, as set out in its Climate Protection Act. There is notable uncertainty regarding the reform of this law, enacted in the summer of 2023, which proposes to eliminate the requirement for each sector to comply with specific annual CO₂ reduction targets. This proposal has been strongly criticized by the Council of Climate Experts, which published an opinion at the end of August 2023. It stated that the CO₂ reduction targets are unlikely to be met by 2030. Even the Federal Government's current policy consisting of, 130 immediate measures (*Sofortmaßnahmen*) for climate protection, is considered insufficient.⁹⁴

Meeting its own targets is crucial to maintaining Germany's image as a proactive player in the fight against climate change, as Germany's

91. “Nigeria and Germany Agree Deal on Gas and Renewables,” *Deutsche Welle*, November 21, 2023, available at: www.dw.com.

92. “Grünen-Politikerin kritisiert Scholz für Aussagen zu Nigeria-Gas,” *Tagesspiegel background*, October 31, 2023, available at: <https://background.tagesspiegel.de>.

93. “Wo ist der Klimakanzler,” *Süddeutsche Zeitung*, March 23, 2023, available at: www.sueddeutsche.de.

94. “Regierung plant 130 Klimaschutz-Maßnahmen – verfehlt aber die Klimaziele. Warum?,” Redaktionsnetzwerk Deutschland, August 23, 2023, available at: www.rnd.de.

Special Envoy for International Climate Action, Jennifer Morgan emphasized at a presentation event of its Strategy for Climate Foreign Policy in Berlin in mid-December 2024: the faster Germany moves to phase out coal, the more credible it will be as a climate negotiator in convincing partner countries to pursue with their own energy transition. Jennifer Morgan encouraged the German energy sector to accelerate its decarbonization, ideally by ending the use of coal by 2030.⁹⁵ Although the official deadline for this phase-out is 2038, the government is aiming for an "ideal" phase-out by 2030. To make up for the energy shortfall, it is planned to build new gas plants with a total capacity of 10 GW, and which will subsequently be reused for hydrogen.⁹⁶

However, the use of coal and gas since the outbreak of war in Ukraine has been closely watched by China, with which Germany is keen to increase climate cooperation. Furthermore, the fact that Germany had become so dependent on Russian gas and has given up on extending nuclear power has been described as a "historic mistake" by the President of the International Energy Agency (IEA), Fatih Birol.⁹⁷

Yet, the government is still reluctant to implement substantial domestic reforms, such as ending fossil fuel subsidies or phasing out fossil fuel heating.⁹⁸ The spat over heating has practically made the present coalition ungovernable. The commitment of all coalition partners to robust climate action will be crucial in setting the course for energy transition by 2030. The Greens are pushing for more ambitious targets, but their political influence depends largely on the willingness of the other coalition members to adopt more stringent climate measures.

Last December, the European Commission published its assessments of Member States' National Energy and Climate Plans (NECP). According to these assessments, Germany is currently not on track to meet important EU climate targets. The gap between the emission reduction target of less than 50% of GHGs by 2030 compared to 2005 stands at 15.4%, while it is only 1.1% for France.⁹⁹ Further efforts will be needed, particularly in the

95. Presentation of the government strategy to the DGAP in December 2023, available at: <https://dgap.org>.

96. "Germany to Tender 10 GW Gas-fired Capacity, Plans Capacity Market by 2028," S&PG Global, February 5, 2024, available at: www.spglobal.com.

97. "Der Ausstieg aus der Kernkraft ist ein historischer Fehler," *Handelsblatt*, January 23, 2024, available at: www.handelsblatt.com.

98. The new energy law on buildings stipulates that from January 1, 2024, onwards, all new heating systems must be powered by at least 65% renewable energy. Buildings account for 30% of energy consumption in Germany, and 80% of existing heating systems still use fossil fuels. In response to massive protests from some sections of the population and opposition parties, the initial text was amended, notably under pressure from the Liberals, to limit the law to new housing only, and to extend the deadlines to 2028 for existing buildings, to take account of heating plans drawn up by local authorities.

99. "National Energy and Climate Plans, European Commission. EU Countries' 10-year National Energy and Climate Plans for 2021-2030", p. 5, available on: <https://commission.europa.eu>.

agricultural sector, where farmers' protest movements are waging fierce battles against any new environmental standards in Europe.

According to several non-governmental organizations, this not only jeopardizes the achievement of the EU's 2030 targets, but also represents financial and legal risks for Germany, which could face further legal action after the old climate protection law was ruled unconstitutional by the Karlsruhe Court in 2021.¹⁰⁰ Member States must submit their final plans by the end of June 2024. Critics are calling for an end to fossil fuel subsidies, and for the necessary measures to be implemented and financed, particularly in the building and transport sectors, and for support from public authorities.¹⁰¹ Despite its climate commitments, Germany has been criticized for continuing to finance gas projects abroad. This approach seems to contradict the Paris Agreement and the decision to cease subsidizing fossil fuels abroad by the end of 2022. The debate about Senegalese gas supply to Germany is emblematic in this respect.

At the same time, Germany is a key player in international climate finance, which is one of the six priorities of its Strategy on Climate Foreign Policy. The government wishes to align financial flows with the objectives of the Paris Agreement, as stipulated in Article 2.1. In 2009, the industrialized nations agreed to support developing countries with \$100 billion a year. This goal, initially scheduled for 2020, was not met, but will probably be reached in 2023/2024.¹⁰² Germany is particularly committed to keep this promise with its own contribution in 2022 already being €6.39 billion. This means that it has reached its contribution goal three years ahead of schedule. France contributed with €7.6 billion, compared with an expected contribution of around €5.5 billion for 2022.¹⁰³

By contributing €100 million to the Loss and Damage Fund, Germany has moved ahead with the United Arab Emirates, which held the COP

100. "Verfassungsbeschwerden gegen das Klimaschutzgesetz teilweise erfolgreich," Constitutional Council, April 29, 2021, available at: www.bundesverfassungsgericht.de.

101. "Offener Brief. Der deutsche Nationale Energie- und Klimaplan verfehlt EU-Ziele und birgt finanzielle und rechtliche Risiken für Deutschland," Deutscher Naturschutzring, January 18, 2024, available at: www.dnr.de.

102. "Climate Finance and the USD 100 Billion Goal," OECD, available at: www.oecd.org. In 2025, a new climate financing target will be set by the Conference of the Parties. Germany is also committed to allocating €1.5 billion a year, from 2025 onwards, to safeguarding biodiversity worldwide. This constitutes a significant increase, doubling the average annual investment between 2017 and 2021 of around €750 million. These monies are part of the €6 billion per year for Germany's international climate budget: see "Verlässlicher Partner bei weltweitem Naturschutz: Deutschland steigert seine internationale Finanzierung für biologische Vielfalt bis 2025 auf 1,5 Milliarden Euro pro Jahr," Federal Ministry for the Environment, September 21, 2023, available at: www.bmu.de.

103. "Frankreich ging 2022 bei der Finanzierung des Klimaschutzes in Entwicklungsländern weit über seine Zusagen hinaus," Ministry of Europe and Foreign Affairs, September 20, 2023, available at: www.diplomatie.gouv.fr.

presidency,¹⁰⁴ This sum is only symbolic though, given that at this stage estimated needs to compensate for specific claims resulting from climate change are around \$290-580 billion per year. The fund can only be successful if implemented effectively but its governance structure still remains to be defined. Reaching an agreement has been a considerable victory in itself, given the difficulty of accurately assessing the impact of climate change on loss and damage.

In its Strategy on Climate Foreign Policy, the German government also mentions other political levers and arenas that it intends to mobilize for more public and private climate financing, such as the G20's Common Framework for Debt Treatments and the Transition Finance Framework for countries undergoing industrial transformation, as well as G7 and EU initiatives that should work to repeal fossil fuel subsidies.¹⁰⁵

While France was the driving force in reforming the international financial system with its Paris Pact for People and Planet summit, held in June 2023¹⁰⁶, Germany supports the idea of reforming the multilateral financial framework, the International Monetary Fund (IMF) and the World Bank. Central banks play a key role in IMF reform. The Bundesbank is therefore a key player in the transfer of existing special drawing rights, as well as in the issuance of new ones. But Germany is not the only country strongly committed to this cause. As Emmanuel Macron pointed out in his op-ed for *Le Monde* on December 29, 2023, "it has been possible to release more than \$100 billion [€90 billion] of [the IMF's] 'special drawing rights' for vulnerable countries" since 2021. "By activating these 'sleeping assets,' we are unlocking twenty-year loans at near-zero interest rates to finance climate action and pandemic preparedness in the poorest countries."¹⁰⁷

For Germany, the reform of its state-owned development bank (the Kreditanstalt für Wiederaufbau, KfW) into a transformational bank will be key to implementing its sustainable finance strategy, launched by the

104. France will contribute up to €100 million (about \$108 million) to the fund, which currently stands at around \$700 million.

105. See page 60 of the strategy.

106. "Sommet pour un nouveau pacte financier mondial : vers plus d'engagements pour l'atteinte de l'Agenda 2030 ?," June 9, 2023, available at: <https://focus2030.org>.

107. At the financial summit in June 2023, Emmanuel Macron introduced two key initiatives for the COP28 in Dubai. The first aims to tackle the debt crisis. With 60% of low-income and a quarter of middle-income countries being close to a debt crisis, an expert group with Kenya and Colombia was set up to review "debt, nature and climate." The second initiative focuses on the introduction of environmental taxes on fossil fuels and transport emissions. See Emmanuel Macron: "Nous devons accélérer en même temps sur le plan de la transition écologique et de la lutte contre la pauvreté," *Le Monde*, December 29, 2023, available at: www.lemonde.fr and "Colombia, Kenya and France Launch Global Expert Review on Debt, Nature and Climate," CBFP, available at: <https://pfbf-cbfp.org>.

former government in 2021.¹⁰⁸ To achieve this, it must bring its bilateral financing in line with the 1.5°C limit. The same applies to German foreign trade. The BMWK has adopted new sector guidelines for export credits and investment guarantees, which came into force in November 2023.¹⁰⁹ These will considerably limit investment in international fossil fuel infrastructures. An exception is being made, however, until 2025 for new gas projects essential to geostrategic energy supply security or national security. During the next phase, the KfW should adopt ambitious sectoral guidelines for its investments and assume a similar leadership role. Climate compatibility must also be ensured for German financing via multilateral development banks. In the World Bank's new Mission Statement,¹¹⁰ the granting of low-cost, long-term loans is conditional on investment in climate-friendly projects in developing and emerging countries, such as the protection of tropical forests.¹¹¹ Germany is committed to providing hybrid capital of €305 million, anticipating there will be a leverage effect to mobilize over \$50 billion in investments over ten years. The World Bank and other institutions have already pledged \$100 billion in climate financing in 2022, with more expected. However, according to a report by the Boston Consulting Group for KfW,¹¹² there could be a shortfall of around €25 billion by the end of this decade in the fight against climate change, should global climate investments continue to grow at the current rate.¹¹³ According to these estimates, global investment in the fight against climate change should increase by at least 30% per year: i.e., around three times faster than hitherto. Development and other banks play a key role in reducing the significant barriers to private climate financing.

⇒ **Reforming KfW would be a first step at the domestic level to advance climate alignment in financial flows, which should go hand in hand with the mobilization of all multilateral players. This is particularly important given the upcoming COP29 negotiations in Azerbaijan, which will focus on increasing financing for the climate transition and reforming the climate financing system overall.**

108. "Deutsche Sustainable Finance-Strategie," Federal Government, May 5, 2021, available at: www.bundesregierung.de.

109. "Die Klimastrategie für die Garantieinstrumente der Außenwirtschaftsförderung," Ministry for Economic Affairs and Climate Protection, November 6, 2023, available at: www.bmwk.de.

110. Until now, the World Bank's main objective has been to fight poverty. From now on, the new mission is entitled "A world without poverty on a livable planet".

111. The focus will be on climate protection, renewable energies, energy independence and nature conservation, with debt deferral clauses for countries affected by natural disasters.

112. "Fighting Climate Change: World Faces Financing Gap of USD 27 Trillion by the End of the Decade," KfW, November 30, 2023, available at: www.kfw.de.

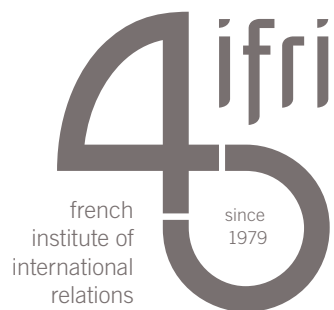
113. "Im Kampf gegen Klimawandel droht Finanzloch von 25 Billionen Euro," *Handelsblatt*, November 30, 2023, available at: www.handelsblatt.com.

Conclusion

Although Germany is committed to international climate action in its foreign policy, the objectives formulated in its new Strategy on Climate Foreign Policy need to be backed up by concrete actions to implement the overall approach of Germany's traffic light coalition government. Given the upcoming elections in the US, the role of America is likely to be limited in international climate diplomacy, with the possibility that former President Donald Trump, who decided to exit the Paris Agreement, may return to office. The EU will be absorbed with its own elections in June 2024. Germany should therefore use the window of opportunity before the European elections to kick-start further initiatives within its diplomatic strategy as well as forging the external dimension of the Green Deal as part of a coherent EU-wide climate policy. Developing decarbonization strategies and building resilience on a global scale through the Climate Club is an important step in this process. The Energy Transition Dialogue in Berlin in March 2024 and the Petersburg Dialogue are important opportunities to seal more partnerships and design tangible joint projects. Effective implementation of climate diplomacy will be essential. Close monitoring of progress would seem to be a useful way of strengthening the credibility of German Climate Foreign Policy.

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