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EXECUTIVE SUMMARY: STRENGTHEN EUROPE, SHAPE INTERNATIONAL AFFAIRS

GERMANY'S FOREIGN RELATIONS IN THE FACE OF DECARBONISATION, CLIMATE CHANGE AND GEOPOLITICAL UPHEAVAL¹

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The new German government is confronted with considerable international challenges. Rising geopolitical tensions and new geoeconomic dynamics – not least the erosion of the rules-based international order itself – require a swift and comprehensive reorientation of external relations across all policy areas. One goal must be effective international cooperation on decarbonisation and in dealing with climate change, which is essential for prosperity, competitiveness and security. Our briefing outlines strategic action German government can take in its foreign relations to strengthen Europe and act effectively on a global scale.

The long-standing, diverse and partnership-based ties connecting Germany and the EU with the **United States** are experiencing a crisis. The partial withdrawal of the US from global institutions is creating a geopolitical power vacuum, increasing challenges and responsibilities for Germany and the EU while it remains to be filled. Existing alliances such as NATO are also facing existential questions.

Relations between Germany and **China** are characterised by a triangle of tension between competition, cooperation and systemic rivalry. In addition to trade, raw materials and human rights issues, aspects of international security are increasingly coming into focus in this dynamic.

¹ A full briefing with explanations of proposals for strategic fields of action was published in German in July 2025; it can be found here: <https://www.e3g.org/publications/europa-starken-international-gestalten/>



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Meanwhile, the geopolitical weight of **emerging economies** is growing. As middle powers within an international system that is increasingly characterised by multipolarity, they demand greater influence, new forms of cooperation and stronger recognition of their interests.

Germany and Europe are called upon to respond with an **integrated, strategic approach** in **shaping their foreign relations** – taking into account **geoeconomic and geopolitical considerations**. In doing so, it is important to use the existing political toolbox in a targeted and considerate manner.

The new government's coalition agreement includes a basis for such greater integration, for example through the emphasis on an **integrated policy approach** that brings together foreign and defence policy, as well as development cooperation.² At the same time, national and international **climate protection policy will be brought together** in the Federal Ministry for the Environment, Climate Action, Nature Conservation and Nuclear Safety. This increases the importance of effective coordination between this and the other ministries as well as the Chancellery.

Four challenges to a strategic, integrated approach to Germany's foreign relations

A strategic, integrated approach in Germany's foreign relations, that addresses the consequences of climate change and shapes the transition to a decarbonised economy, faces numerous challenges.

Four challenges are of particular importance:

- > **Stability of trade relations and supply chains:** The effects of climate change are putting pressure on trade relations and economic cooperation, with consequences for international supply chains and framework conditions for German companies. Resilient supply chains and stable, diversified trade relations – based on a rules-based international trade regime with reliable framework conditions – are central to competitiveness.
- > **Risks from fossil fuel imports:** Russia's war on Ukraine has exposed Germany's and Europe's dependence on fossil energy imports. This dependence brings with it significant geopolitical and economic risks – from

² CDU, CSU, SPD, 2025, **Responsibility for Germany – Coalition Agreement between CDU, CSU and SPD** (Website, accessed on 14 July 2025)



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disruptions to the supply of continuously necessary imports, to the risk of their being used as a means of exerting political pressure. Moreover, the anticipated decline in global demand for fossil resources poses transition risks for countries whose economies depend on fossil fuel exports, which need to be mitigated.

- > **Rising economic costs from climate change:** Impacts from consequences of climate change, such as the increasing occurrence of extreme weather events, result in widespread economic costs. These place a burden on public budgets and limit fiscal space. In Germany, almost **€145 billion** in losses due to extreme weather events were recorded for the period from 2000 to 2021.³ Global costs of natural catastrophes amounted to **\$320 billion in 2024**.⁴
- > **The erosion of multilateral cooperation** exacerbates these challenges. The rules of the multilateral system and the ability of multilateral institutions to fulfil assigned tasks and functions are increasingly called into question. Trust in the legitimacy and functioning of these institutions is crucial for the international, rules-based order. In this context, UN climate negotiations have a signalling effect. The outcome of the 30th UN Climate Change Conference (COP30) at the end of 2025 in Belém, Brazil – ten years after the adoption of the Paris Agreement – will be a crucial test of the credibility of multilateral cooperation and the international community's ability to act.

In the context of these dynamics, Germany and the EU cannot shape their own decarbonisation and an effective response to climate change in isolation. Partnerships and international cooperation beyond the EU are essential to safeguard prosperity, competitiveness, and security.

³ Prognos, Institute for Ecological Economy Research, Society for Economic Structure Research, 2022, **Overview of past extreme weather losses in Germany** (PDF)

⁴ Munich RE, 2025, **Natural disasters 2024: Climate change is showing its claws** (Website, accessed 4 July 2024)



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Recommendations

The German government should therefore pursue an **integrated approach** that links the following strategic aims:

- > **Strengthen the EU's geopolitical capacity to act** – through an EU foreign policy coordinated with the member states, strategic partnerships, and an integrated strategy for growth and decarbonisation. Goals in the strategy should include the expansion of fiscal space, targeted strategic investments for the transformation, and clear signals for an ambitious EU climate policy, especially relating to the 2040 target and the EU's Nationally Determined Contribution (NDC) under the Paris Climate Agreement, which should be submitted in September 2025.
- > **Actively shape the decarbonisation of the global economy and its resilience to climate impacts** – in particular through the targeted expansion of foreign trade relations, strategic partnerships and networks, investment incentives for climate-neutral technologies, products and services in partner countries, and by accounting for climate risks in funding for export promotion. Besides conventional instruments, however, it is also important to use innovative formats such as cleantech clusters and international innovation ecosystems.
- > **Position Germany and the EU as preferred trade and cooperation partners for third countries and companies** – especially in the cleantech sector. This can be achieved, among other things, by strengthening the World Trade Organization (WTO), factoring climate risks into export promotion, providing diplomatic support for instruments such as the European Carbon Border Adjustment Mechanism (CBAM), and through strategic cooperation with key emerging economies and regions.
- > **Shape the global transition to renewable energy** – by phasing out fossil fuels and ramping up clean technologies in cooperation with international partners.
- > **Strengthen formats for international cooperation**, including bilateral and plurilateral partnerships and dialogues such as the **Just Energy Transition Partnerships, Country Platforms** to improve the governance of multi-stakeholder processes, and the **Climate Club**.
- > **Align international financial flows and capital markets with the transformation to a climate-neutral economy** – including through mandate reforms with a focus on climate and resilience, as well as more flexible allocation conditions for financial assistance in climate crisis situations.



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- > **Effectively expand climate diplomacy** – through a strong international presence, a clear position towards China as a key actor and partner in international climate protection, and through “alliances of the willing” such as the Global Energy Transition Forum. COP30 in Brazil must lay the foundations for the next decade of international climate policy, initiate institutional reforms and maintain credibility of the effectiveness of the Paris Agreement. Other forums, such as G7/G20 meetings and the IMF and World Bank meetings, should be more closely linked to the topics (**coherent multi-forum management**).

About E3G

E3G is an independent think tank working to deliver a safe climate for all, with offices in Berlin, Brussels, London, Dublin and Washington. We drive systemic action on climate by identifying barriers and constructing coalitions to advance the solutions needed. We create spaces for honest dialogue, and help guide governments, businesses and the public on how to deliver change at the pace the planet demands.

For more information, please visit our website: www.e3g.org/deutsch/

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