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GERMAN CLIMATE FOREIGN POLICY TOWARDS A 'NEW PARADIGM FOR CLIMATE AND DEVELOPMENT'

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Summary

- > **The current state of emissions trajectories and adaptation preparedness call for a new phase of climate action implementation.** IPCC scientists, climate activists, defence experts, economists, and local communities are all clear that a step change in climate action is needed for global climate security. **Coordinated deployment of foreign policy levers can incentivise and facilitate the necessary pathways globally, but a new vision for climate-centred foreign policy is needed.**
- > **New forms of diplomacy at the bilateral level can help drive individual countries to act. But new forms of multi- (and pluri-) lateral cooperation are needed: a 'New Paradigm for Climate and Development'.** Otherwise, we will have a hodgepodge of inefficient, uncoordinated approaches to decarbonisation, swathes of poorer countries being left behind, or major gaps in regional resilience exacerbating instability and conflict. A new global cooperation paradigm can also provide a pathway through current geopolitical tensions.
- > **German Foreign Minister Annalena Baerbock's vision for a Climate Foreign Policy and the country's influence in the global market-shaping power of the EU put Germany in prime position to lead the way on deploying whole-of-government foreign policy for accelerated 1.5C transition pathways and climate impact preparedness underpinned by a 'New Paradigm for Climate and Development'.** Set up the right way, climate foreign policy could make a decisive contribution to addressing multiple crises in the short and long term. It can set Germany and its partners on a sustainable path that leaves no one behind.



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Germany's Climate Foreign Policy Strategy should aim to:

1. Build globally harmonised high ambition rules, standards, carbon prices and non-price measures that incentivise faster economic sector decarbonisation while supporting capacity and technology to meet ever-ratcheting targets and standards.
2. Mould climate and development finance architecture to facilitate flows of the trillions needed to support climate-aligned development pathways, managing global impacts, resetting north – south equity in a new North/South 'grand bargain'
3. Champion coherence in the multilateral climate governance framework for accountability and shared learning. Put resilience and a level-up in global north – global south solidarity at the centre.
4. Centre climate goals in German energy diplomacy, security policy and overseas investment strategy.
5. Deploy bilateral diplomacy and partnerships to incentivise, facilitate, and co-learn accelerated pathways for decarbonisation and resilience building.

Germany will need to underpin its policy by maintaining high standards in its and the EU's own climate transition away from fossil fuels. The current 'dash for gas' resulting from Russia's invasion of Ukraine must be contained. Germany and the EU must lead by example. **The Foreign Office must lead on articulating the Climate Foreign Policy vision of a 'New Paradigm for Climate and Development' and mainstream it across federal ministries and all international engagements.**

The opportunity

Climate change is no longer just a threat multiplier; it is a systemic destabiliser.¹ The IPCC's 2022 report on climate mitigation is clear: a very small window is rapidly closing to meet the goals of the Paris Agreement and keep global warming below 1.5 °C.² No country is on track to a 1.5 °C-climate-safe world and the next three years of policy decision-making are critical.

Climate diplomacy 1.0 is insufficient to drive the scale and pace of global change needed. Germany has been a great climate diplomacy player and has helped get

¹ Koenneke, Jule and Tollmann, Jennifer (2021) **Deutsche Außenpolitik in einer klimawandelnden Welt. Handlungsempfehlungen für die neue Bundesregierung**

² IPCC (2022) **Sixth Assessment Report, Climate Change 2022: Mitigation of Climate Change**



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to the stage we are now: from +4 °C of warming to 1.8–2.7 °C on current national targets.³ Some countries are starting to build implementation plans and target international action to protect their economies as they transition. **However, the chaotic hodgepodge of differing rules and carbon-reduction models that is emerging risks stoking trade tensions rather than a race to the top.**⁴ Other countries continue to keep their heads in the sand and risk global catastrophe, while many lack access to finance to fund the necessary energy transition or manage impacts.

The impending geopolitical competition over rare earth materials, water, and land in a climate-changed world will bring about the ultimate test of multilateralism. We rely on the multilateral order to manage shared security and hold countries to account for climate promises. Yet, geopolitical tensions and systemic failures to address COVID, debt, and food crises are threatening it.

The world needs new harmonised global systems, improved international institutions, and new ways of incentivising and facilitating climate resilience pathways for all countries. Germany has an unprecedented opportunity to set a new vision for climate foreign policy. With a weak US and divided EU, there is a real lack of global leadership on climate. Germany has a new and energetic government, making it well placed to offer a vision of international climate cooperation. Germany also holds significant leverage on climate and foreign policy in the EU. President von der Leyen’s EU Green Deal diplomacy ambition sets a vision – if unsubstantiated to date – towards the style of climate foreign policy needed for the implementation phase of climate action.⁵

³ Climate Action Tracker (Nov 2021 update) [Addressing global warming](#)

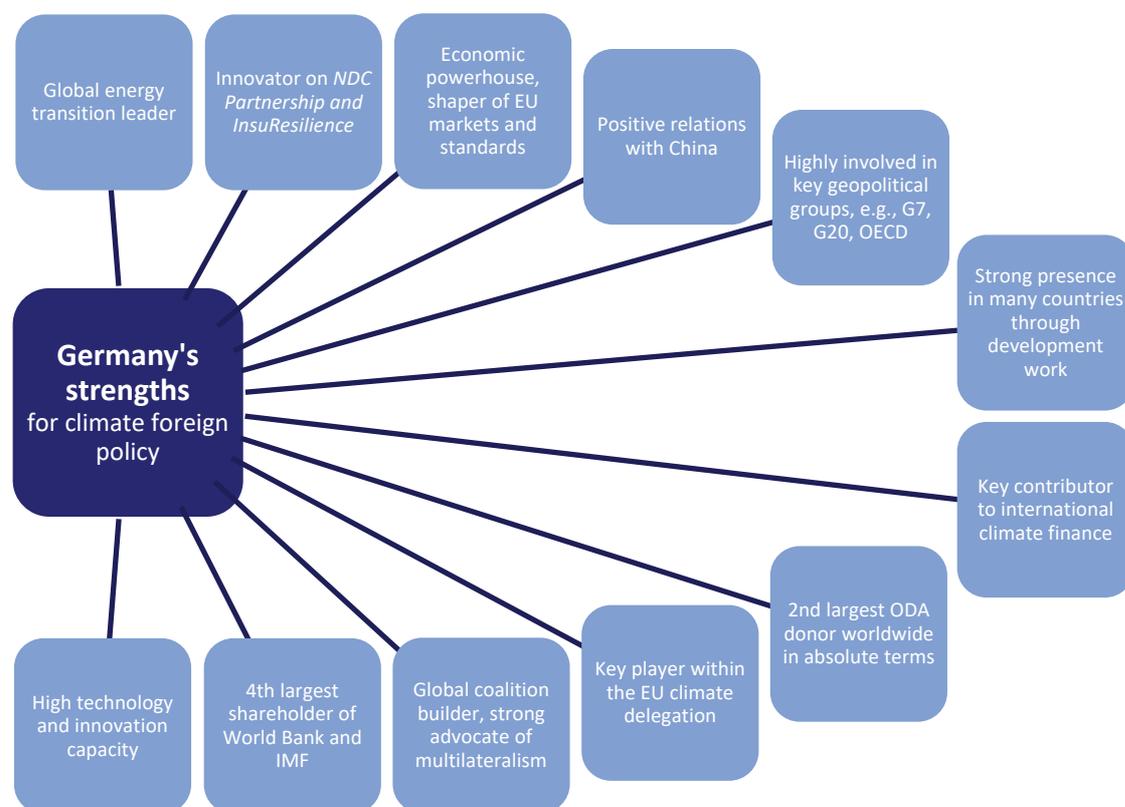
⁴ Ross, Carne (2022) [A climate world order? How climate cooperation may reweave the world order](#)

⁵ Pilsner, Léa et al. (2022) [European Green Deal Diplomacy. Shaping a global clean economy](#)



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Germany's strengths



The Vision: 2030 German climate foreign policy

A climate-prosperous nation leading by example

By 2030, Germany could be firmly on the path to achieving net zero by 2045, with accelerated industrial decarbonisation, renewable energy expansion, and the adoption of electric vehicles. Germany's climate foreign policy and leadership on global climate transition could be maintaining the position of its industry as a market leader and provider of climate-friendly technology.

Driver of globally harmonised rules to incentivise transitions

Germany's coordination across foreign, trade, economic and finance diplomacy could see it lead an open, progressive group of countries to drive progress in decarbonisation through coherent, ambitious standards. Germany's proposed



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‘climate club’ can be shaped to not be protectionist, remaining open to outside members to facilitate necessary transitions.⁶

Moulder of the finance system for a new North/South ‘grand bargain’

The UNFCCC is seriously hindered by disputes over climate finance, adaptation, and loss and damage. Germany can lead the creation of a new ‘grand bargain’ for North/South cooperation. This would involve coordinated debt relief, institutional financial reform, and de-risking and mobilising private investment to establish lasting and global finance transfer mechanisms beyond the current pattern of individual country partnerships for transition (JET-Ps) to a more global approach.

Champion of a coherent system of climate cooperation to tackle impacts, capacity building and accountability to climate pledges

As a soft power superpower, Germany could lead the way in building the 2030 ecosystem of climate cooperation and governance. In such a system, governments would share learning and remain accountable for implementing their climate promises. A coherent web of climate cooperation structures and frameworks could keep climate top of the agenda, establish accountability frameworks that could uphold faith in multilateral institutions, and create a broader club of cooperation rather than competition on climate action. Germany could deepen trust by keeping the impacts agenda on top of the list with mitigation, facilitating progress in real funds flowing for climate impacts and getting loss and damage finance onto the agenda of decision-making processes.⁷

Supporter of climate-vision-aligned energy investment in partner countries

By 2030 Germany could be driving overseas renewables transition by supporting partner countries to expand renewable energies, promote energy efficiency and develop clean energy technologies. Effective energy transition diplomacy could help to alleviate economic pressures among partners and thereby secure stronger allies.⁸ A whole-of-government strategy for climate partnerships could increase coherence and transparency. Partnerships would help to shape market economy-based framework conditions and contribute to the dissemination and joint development of innovative technologies, while opening up export opportunities for German companies.

⁶ Vangenechten, Domien and Lehne, Johanna (2022) **Can climate clubs accelerate industrial decarbonisation? Towards more international cooperation in the decarbonisation of heavy industry**

⁷ Dimsdale, Taylor and Hayes, Lucy (2022) **Roadmap for progressing on loss and damage From the G7 summit to COP27**

⁸ Pastukhova, Maria (2022) **Europe’s energy diplomacy in times of crises. Stronger through solidarity**



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Putting German climate foreign policy into practice

This is an ambitious agenda. To succeed, there must be new organisation within the federal government:

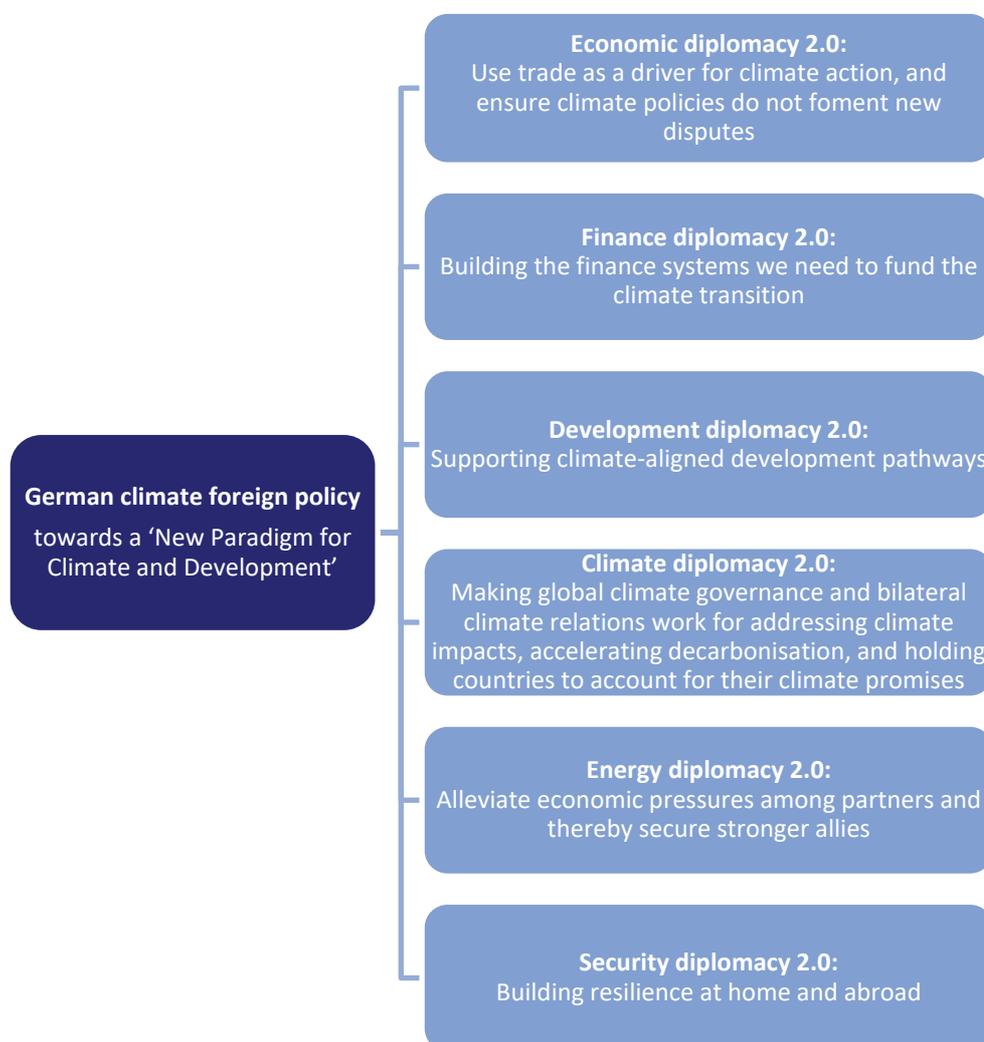
- > The Foreign Office must lead on articulating the ‘New Paradigm for Climate and Development’ foreign policy vision, and coordinate across the federal government. Chancellery support and ownership will be essential to guarantee external representation at national leader level.
- > Key ministries must form a coordination unit, at state secretary level, to ensure alignment of development, trade, and financial policy. This should be supported by interdepartmental working groups.
- > Dedicated climate staff must be placed in every German embassy and multilateral representation to explain and negotiate the ‘New Paradigm for Climate and Development’.
- > The ‘New Paradigm for Climate and Development’ must be mainstreamed in policy frameworks and strategies that are under development. The National Security Strategy and China strategy are test-cases for coherence. Climate goals should be embedded into key partnerships, trade deals, and the like.
- > All government policies must be assessed for alignment to the climate foreign policy vision and for their impact on third countries. Do they incentivise transition and support countries with implementation?

New forms of diplomacy will also be needed across Germany’s diplomatic levers (see figure on next page). More detailed recommendations and initial ideas on what these new forms of diplomacy could entail can be found in the annex.



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An overview of new forms of diplomacy that Germany will need to develop to underpin climate foreign policy.



Next steps

- > Secure cross-government agreement to the 'New Paradigm for Climate and Development' vision and the delivery mechanism for the climate foreign policy
- > Establish a cross-government coordination unit to increase policy coherence. The unit should ensure that policies that want to address one issue do not have negative knock-on effects on other issues that are just as important, such as external trade-offs of the European Green Deal.
- > Action at the EU to deliver cross-EU alignment around a shared 'New Paradigm for Climate and Development' vision.

Annex

The following list offers more detailed recommendations and initial ideas on what these new forms of diplomacy could look like. It does not claim to be exhaustive.

Economic diplomacy 2.0: Use trade as a driver for climate action, and ensure climate policies do not foment new disputes

- > Set and align ambitious standards that incentivise other countries to accelerate their clean transition and to avoid fragmented transition pathways, by leveraging major trade relationships and Germany's and the EU's market and diplomatic power. Avoid protectionism and 'anti-China' approach.
- > Develop a joint approach on clean economy diplomacy with Directorate-General Trade and EU member states.⁹ Align standards and rules to build an integrated agenda that not only promotes German and EU clean economy but also drives decarbonisation of developing economies with dedicated cooperation offers.
- > Build high-ambition cooperative approaches to decarbonising economy and industry. Strengthen and broaden existing initiatives (such as CEM IDDI¹⁰, Glasgow Breakthrough agenda, etc.) and set up new initiatives whether unilateral, such as carbon border adjustment mechanisms (CBAMs), or plurilateral, such as clubs.¹¹ Initiatives should drive higher climate ambition and accelerate the transition, while offering a long-term answer to industry concerns over international competitiveness.
- > Conduct country-specific impact assessments to understand what impact trade levers will have on third countries, particularly developing countries. Consult with partners on cross-border effects. For example, engage with low- and middle-income countries on how CBAMs might affect them and build a complementary cooperation agenda, discussing options for technical/financial assistance to facilitate transition and manage potential impacts.¹²

⁹ Pilsner, Léa et al. (2022) **European Green Deal Diplomacy. Shaping a global clean economy**

¹⁰ Clean Energy Ministerial's (CEM) Industrial Deep Decarbonisation Initiative (IDDI)

¹¹ Peters, Jonny and Arróniz Velasco, Ignacio (2022) **Climate diplomacy and trade. Three priorities for delivering green trade and WTO reform**

¹² Lehne, Johanna and Sartor, Oliver (2020) **Navigating the politics of Border Carbon Adjustments**



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Finance diplomacy 2.0: Building the finance systems we need to fund the climate transition

- > Build effective coalitions to reform international economic and development frameworks, standards and structures, and the mandates of multilateral development banks (MDBs) and the International Monetary Fund (IMF).¹³ The aim is to unlock – in trillions – financial flows needed for the global green transformation in the long term and for socio-environmental recovery from the COVID-19 pandemic in the short-term, along considering both quantity and quality aspects of finance.
- > Make good use of Germany’s share of international financial institutions, working closely with like-minded shareholders from both developed and developing countries.¹⁴ In coordination with the US, support initiatives through governing boards of MDBs and diplomatic outreach to major stakeholder countries to:
 - Guarantee that the World Bank’s Climate Change and Development Reports (CCRD) become ambitious roadmaps for decarbonised and resilient development and are fully coordinated with other MDBs and development finance institutions (DFIs) like Kreditanstalt für Wiederaufbau (KfW), as well as the IMF.
 - Ensure that MDBs support the delivery of the doubling of adaptation finance by 2025.
- > Leading with other European shareholders, convene European MDBs and DFIs around common principles and investment initiatives in Team EU spirit under the Global Gateway.¹⁵ Delivering on the Global Gateway’s financial pledge and architecture in the next year will be essential to give credibility to the vehicle.
- > Coordinate donor countries to ensure that the post-2025 climate finance goal (the new \$100bn) is built on the ‘building blocks’ of the nationally determined contributions (NDCs) e.g., based on country packages or NDC Financing Plans.

¹³ Havers, Julian and Schroeder, Frank (2021) **Closing the trillion dollar gap to keep 1.5 degrees within reach**

¹⁴ Mabey, Nick et al. (2018) **Banking on reform: Aligning the development banks with the Paris Climate Agreement**

¹⁵ Healy, Claire and Scull, Danny (2022) **One vision, three plans: Build Back Better World & G7 Global Infrastructure initiatives**



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Development diplomacy 2.0: Supporting climate-aligned development pathways

- > Build effective political coalitions (within the G20 and with progressive developing countries – the most vulnerable states) for climate-just structural reform. Bring climate and development goals together in the global economic and development architecture to help facilitate the transition for all.
- > Sufficiently support partners to meet the ratcheting environment and climate standards for production e.g., through technical assistance facilities such as Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). Lead the EU in developing a broad offer of cooperation and support packages for low- and middle-income partner countries. This includes technical and capacity support as part of broader European Green Deal diplomacy, including low-carbon technology transfer and financial support (f.ex.: use CBAM revenues for tech assistance and knowledge transfer).¹⁶ As a first step, champion the EU to develop an integrated trade – climate – development policy, with Global Gateway as a vehicle.¹⁷
- > Alongside financial reform to ‘release the trillions’ of necessary investment, pursue a new North/South solidarity deal in the form of coordinated debt relief from developed countries.¹⁸ Additionally, implement a program to de-risk private investment through guarantees and regional platforms backed by public finance.¹⁹

¹⁶ Pilsner, Léa and Tollmann, Jennifer (2021) **Align the EU’s external action with the Paris Agreement**

¹⁷ <https://www.e3g.org/publications/european-green-deal-diplomacy/>

¹⁸ Dimsdale, Taylor et al. (2020) **Fire Sale. Managing the Geopolitics of Climate-Related Financial Risk in the Age of Covid**

¹⁹ Koenneke, Jule et al. (2022) **Financing climate partnerships. G7 solidarity and infrastructure investment**



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Climate diplomacy 2.0: Making global climate governance and bilateral climate relations work for addressing climate impacts, accelerating decarbonisation, and holding countries to account for their climate promises

- > Engage in two-way feedback with embassies, to do political economy analysis of the conditions in each country. Gather the right intelligence: What finance, capacity or technical support is needed? What are the political barriers that visits or pressure from international moments could actually address? Share this information with other climate-progressive EU member states and coordinate to strengthen the EU's climate diplomacy and internal EU cooperation.²⁰
- > Build international systems to deal with impacts, especially loss and damage. Profile a 'resilience partnerships' approach, opening space to learn from each other and bringing EU and member states on board. Champion a new narrative based on the universality of climate risk and the assumption that addressing loss and damage globally is in everyone's interest. Loss and damage is both a matter of global justice and solidarity as well as a matter of security, stability, and global prosperity. Build capacity, interest, and willingness to find solutions for addressing loss and damage within the multilateral UN climate system at the levels of heads of state and finance ministers. Continue to champion loss and damage solutions outside the UN climate processes.²¹
- > Champion accountability within and outside the UN climate governance framework. Work towards a sectoral approach within the 2030 mitigation ambition work programme being negotiated this year.²² Reset the role of the UN climate champions and link non-state climate action into the national climate policy level through NDCs. Encourage accountability mechanisms within voluntary climate pledge initiatives and support the work of the UNSG High Level Expert Group on Net-Zero transition commitments.
- > Together with the EU, continue to strengthen ties within high-ambition, climate-vulnerable countries by delivering on the promise to double global adaptation finance, along with mobilising OECD-DAC countries to deliver the promised \$100 billion climate finance as soon as possible. Ensuring

²⁰ Pilsner, Léa and Tollmann, Jennifer (2021) **Align the EU's external action with the Paris Agreement**

²¹ Dimsdale, Taylor and Hayes, Lucy (2022) **Roadmap for progressing on loss and damage From the G7 summit to COP27**

²² Evans, Tom (2022) **A COP27 work programme for 1.5°C. Designing a COP27 work programme to scale up pre-2030 mitigation ambition and implementation for 1.5°C**



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accessibility, quality and quantity of adaptation finance is key.²³ Germany can use its role as leader of the \$100 billion Delivery Plan to reset accountability and transparency amongst Global North governments – to reach the goals of improving accessibility, quantity and composition of climate finance and doubling adaptation finance by 2025.

Energy diplomacy 2.0: Alleviate economic pressures among partners and thereby secure stronger allies

- > Consistently reorient German energy diplomacy toward climate neutrality to mitigate geopolitical effects. At the same time, increase Germany's own strategic options to seize the opportunities of growing global markets for renewable energy solutions. Germany will need to ensure that even short-term solutions prevent climate rollback to sustain national and global resilience and rebuild international credibility as a trusted partner and a global leader on energy transition.
- > Secure stronger allies through supporting partners to achieve the same accelerated energy transition as Germany. Support development paths independent from the boom-and-bust cycle of fossil fuels to strengthen partners' strategic options and avoid a strategic realignment of partners that are suffering from the multi-crisis Eastwards.²⁴
 - Coordinate donors to follow through, resource, and implement the commitment to make the South Africa JETP partnership an attractive example to other emerging economies and to provide confidence in this system. Sound delivery of partnerships includes providing actual finance, co-design with – or even leadership from – the host country, donor coordination, civil society participation, and a focus on energy systems solutions.²⁵
 - In close cooperation with other EU member states, develop a coherent strategy for energy transition partnerships to boost energy security in the EU's 'security belt' (western Balkan, the Middle East, and North

²³ Erzini Vernoit, Iskander and Scott, Alex (2021) **Surpassing \$100bn: achieving a climate finance plan at scale to rebuild trust**

²⁴ <https://www.e3g.org/news/europe-s-energy-diplomacy-in-times-of-crises-stronger-through-solidarity/>

²⁵ Koenneke, Jule et al. (2022) **Financing climate partnerships. G7 solidarity and infrastructure investment**



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Africa) by accelerating partners' green and resilient transition.²⁶ Partnerships have to address real, tangible problems. Germany must leverage not only its own partnerships but build partnerships with others to unlock the finance needed and build the confidence of middle-income countries in signing on to more ambitious transitions and stepping up their national commitments. Germany can champion donor coordination together with the EU and US to mobilise sufficient public finance.

- Develop a clear strategic vision of what Germany is willing to put into a partnership, including transparent benchmarks for what to support. This applies to technology transfer, climate and development finance, and so on, and is a prerequisite for mutual trust. Co-develop equal country-specific approaches. Offer partners tailored approaches that recognise and take into account individual countries' development, climate, energy and economic strategies. This includes building the diplomatic machine and collective institutional capacities to deliver such deals. Commitments by governments to date have been fragmented and, most importantly, have lacked a top-down push by leaders.
- Closely align partnerships between ministries so as not to send various different signals to one country (for example on climate, energy partnership, development cooperation), in close coordination and with other European countries.

- > Instead of investing in new fossil infrastructure and promoting fossil fuels abroad, promote active dialogue and close cooperation with major gas consumers and importers in Asia (China, Japan, Korea) and the US, and oil importers (India) to jointly reduce gas consumption and ease the global LNG market. This not only helps the overall supply situation in these countries, but also protects developing countries from too high prices and supply shortages. Together with other EU member states, drive engagement with more vulnerable fossil fuel producers like Algeria, Nigeria, Tanzania through bilateral and multilateral fora.²⁷
- > Promote international cooperation to build resilient, responsible supply and value chains for renewable energy technologies. Supply chains must be resilient against geopolitical disruption – especially regarding high

²⁶ Fischer, Lisa et al. (2020) **Energy Diplomacy Beyond Pipelines. Navigating risks and opportunities**

²⁷ Pastukhova, Maria (2022) **Europe's energy diplomacy in times of crises. Stronger through solidarity**



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dependency on China – but also affordable. Develop a careful and long-term approach that diversifies supply. Champion cooperation on critical raw materials, hydrogen production chains, competence and capacity building. Germany should take the lead, as the largest EU economy with many partnerships already established worldwide.

Security diplomacy 2.0: Building resilience at home and abroad

- > Centre climate as a top priority threat to both national and global peace and security
- > Mitigate the geopolitical effects of climate change, with fossil fuel exporters at risk of losing influence and prosperity. Work with partners to manage the increased risk of crisis in today's energy-exporting states to make sure that all populations can benefit from the transition.
- > Recognise that demand for raw materials will lead to new geopolitical challenges, and work with geopolitical partners to develop a preventive approach that avoids creating new dependencies.²⁸
- > Promote multilateral engagement on climate security to increase global resilience. Plan to safeguard and create long-term, sustainable prosperity and security of German and EU citizens and partners, as well as natural ecosystems.
- > Develop effective solutions to close the massive global governance gap on managing climate security and tipping points. As a first step, build cross-departmental foresight capacity on climate, energy, geopolitics, and tipping points as part of the new initiative for climate, environment, peace and security. As an example, establish science- and data-based early warning mechanisms and risk analysis for climate tipping points, with a strong regional/local focus.²⁹ This could enable forward planning and proactive protection, as well as inform and stimulate action at G7/UN/G20 level. Cooperate with partners and international organisations such as the UN to share knowledge and pool financial power and expertise.
- > Mainstream climate security goals in the upcoming National Security Strategy.

²⁸ Lazard, Olivia (2021) **The Need for an EU Ecological Diplomacy**

²⁹ Bals, Christoph et al. (2022) **An early warning system for tipping points in the climate system**



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About E3G

E3G is an independent European climate change think tank with a global outlook. We work on the frontier of the climate landscape, tackling the barriers and advancing the solutions to a safe climate. Our goal is to translate climate politics, economics and policies into action.

E3G builds broad-based coalitions to deliver a safe climate, working closely with like-minded partners in government, politics, civil society, science, the media, public interest foundations and elsewhere to leverage change.

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