

The Traffic Light Coalition Agreement: Which Direction Will the New Federal Government Take?

written by

Mikko von Bremen and Leonie Schiedek

For the first time in Germany's history, three parties (the SPD, the Bündnis 90/the Greens, and the FDP) will form a coalition government led by Olaf Scholz (SPD). The next Bundeskanzler was sworn in on 08.12.2021. Following 16 years of CDU leadership under Bundeskanzlerin Angela Merkel, the anticipation was high about the specific changes that the new coalition would propose. The title of the Coalition Agreement for 2021-2025, "More Progress - A Partnership for Liberty, Justice, and Sustainability," promised a slew of fresh ideas and innovations. However, what does the coalition propose? We have analyzed and summarized the topics of foreign and security policy, as well as innovation and sustainable development, in our analysis.

Foreign and Security Policy: The Same in Green?

According to the coalition agreement, the new German government wants to play a constructive role in shaping the EU's "strategic compass". Among other things, the aim is to establish joint command structures and the establishment of a civil-military headquarters through increased cooperation between national armies and EU members willing to integrate. However, all these measures are to remain secured by NATO structures and cooperation between NATO and the EU is to be intensified. Therefore, the transatlantic alliance and NATO remain the indispensable basis for the security of Germany and Europe. "As long as nuclear weapons play a role in NATO's Strategic Concept, Germany has an interest in participating in the strategic discussions and planning processes." However, the future German government wants to play a leading role in international disarmament initiatives. What role Germany intends to play in burden-sharing within NATO remains unclear. Nor is the commitment to spend two percent of GDP on defense explicitly mentioned. Rather, security policy issues are to be understood in a broader and interdepartmental way and, for example, causes of conflict are to be taken into account. In this way, the new government is essentially following the line of the old government under Chancellor Merkel. This essentially unchanged security policy premise was not necessarily to be expected in advance, since during the election campaign there were very different positions among the current coalition parties on NATO, nuclear sharing and foreign deployments of the Bundeswehr. The Ministry of Defense will in future be led by Christine Lambrecht (SPD). The Social Democrats already have government experience in this ministerial post (most recently Peter Struck 2002-2005).

In order to position the EU more strongly as a foreign and security policy actor, the new federal government demands that the EU become more capable of acting internationally and present a united front. To this end, the unanimity rule in the EU Council of Ministers should be replaced by qualified majority voting in the Common Foreign and Security Policy (CFSP). Mechanisms are to ensure the appropriate participation of smaller member states. It remains unclear what a common security policy entails and what competences the EU should have.

There are clear words for the future course of the German government towards China and Russia. There are already signs of a change in thinking compared to the previous government. At least there is a stronger hint of a value-oriented normative foreign policy, which had been lost in the grand coalition in recent years and was often criticized for being too rational and bureaucratic. For example, the new coalition agreement openly criticizes the human rights situation and Beijing's communist central government's treatment of Taiwan. The readiness for partnerships and fair competition is presupposed with compliance with international law and respect for human rights. Thus, future relations with China are to be understood within the framework of a common EU China policy, also in close transatlantic coordination with the USA.

Russia is recognized as an important international actor and partner and German-Russian relations are described as deep and diverse. For this reason, the future Federal Government is also ready for constructive dialogue with Russia and would like, among other things, to create visa-free travel for "particularly important target groups" (for example, young people under 25). With regard to the European peace order, however, it is important to take into account the different interests and threat perceptions. Similar to China, a joint EU-Russia policy is also put into focus as a means. Despite, or precisely because of, the open willingness to engage in dialogue, the coalition agreement clearly calls for an immediate end to the "destabilization attempts" against Ukraine and criticizes the restriction of civil rights and democratic freedoms in Russia. Russia is an important partner in tackling global challenges such as climate change and environmental protection. Cooperation with Russia is being sought on future issues (hydrogen and health).

What is new for German foreign policy is the declared effort to strengthen the rights, resources and representation of women and girls worldwide and to promote social diversity together with partners in the sense of a feminist foreign policy. In addition, the German government wants to appoint more women to international leadership positions and ambitiously implement and further develop the National Action Plan for the Implementation of UN Resolution 1325.

The implementation in practice will be interesting to follow since Anna-Leena Baerbock (Bündnis 90/DIE GRÜNEN) is the new Federal Foreign Minister. Already during the election campaign, she had made women in politics a topic of discussion and campaigned for equal rights. As a member of the Bundestag, she has already acquired core foreign policy expertise in the Committee on European Union Affairs, Economic Affairs and Energy. During the election campaign, Baerbock called for the withdrawal of US nuclear weapons from Germany and criticized the continued construction and completion of the Nord Stream 2 gas pipeline. To what extent she will now act on these points as foreign minister remains to be seen. However, the coalition agreement indicates that at least the issue of US nuclear weapons will no longer be actively demanded of her in terms of transatlantic relations and NATO alliance solidarity. Baerbock's great advantage is that she is unknown in foreign policy and internationally. In addition, she has lost prestige and credibility within the party and is essentially blamed for what is, at least perceived to be, an electoral defeat. As the new foreign minister, Baerbock has the chance to redefine herself both within the party and internationally and has the potential to redefine Germany's foreign policy. However, a radical change of course is not to be expected even with Baerbock (Tagesspiegel, 2021).

High commitments to innovation and sustainable development

With its optimistic rhetoric, the next federal government's coalition agreement offers a positive signal for a transformation through innovation. The term "innovation" appears 76 times in the 178-page paper, while "climate" appears 196 times (only 74 times in 2018). The chapter sequence further emphasizes the significance of the two subjects. The very first chapter discusses "The modern state, digital awakening, and innovations," followed by six chapters on "Climate protection in a social-ecological market economy." The United Nations' 17 Sustainable Development Goals (SDGs) and the 2015 Paris Climate Change Treaty are "guiding principles" for its policies and hence "top priority." The alliance seeks to establish a legislative framework for innovation and measures for attaining the 1.5-degree objective that will allow the economy's innovative potential to flourish. However, the true innovation would have been to include the fundamental systemic concept of sustainability within the paper rather than keeping to the customary divide. Additionally, including the phrase sustainability in the enumeration of wealth, freedom, and social involvement demonstrates the term's typical mischaracterization and reduction to ecological sustainability. It would have been preferable to use the term "sustainability" generically and to describe it more precisely

According to a study conducted by researchers from Dresden, the coalition agreement's wording is meant to convey a new political style characterized by innovation, forethought, and less freedom (Handelsblatt, 2021). This is also evident in the agreement's content. In contrast to the 2018 coalition agreement (CDU, CSU, and SPD), the SPD, Bündnis 90/die Grünen, and FDP wish to chart a path toward a social-ecological market economy rather than a pure social

market economy. They hope to establish the groundwork for a "decade of investment in the future" by "securing sustainable prosperity and [...] creating room for innovation, competitiveness, and increased efficiency, for good work, social development, and new strength." (S.24). While it is to be appreciated that the coalition agreement clearly links climate protection with innovation, this is accompanied by lofty objectives and promises. For instance, the aim of 65 percent renewable energy by 2030 has been increased to 80 percent, and the coal phase-out should be completed by 2030 as well (instead of 2038 as agreed with industry). The government is concentrating its efforts on expanding solar and wind energy, for example, by requiring photovoltaic systems on new commercial buildings. With a 4% growth in renewable energy-generated power between 2019 and 2020 (Federal Environment Agency, 2021), this is an extremely ambitious aim and the new government will have to show that it can keep its promises. Renewable energy sources have grown their proportion of power consumption by 40% in the last two decades (BMWi, 2021). Additionally, the CO₂ price should not go below 60 euros per tonne in the long run, which is highly improbable given the overall trend in the worldwide carbon market.

Another vital element of the treaty is to modernize the administration, which, according to the National Standards Control Council, has been very sluggish in recent years (Nationaler Normenkontrollrat, 2021). This includes, but is not limited to, more agile working techniques, transdisciplinary and innovative problem solving, and the elimination of "silo thinking." To be precise, "fixed interdepartmental and interagency agile project teams, as well as innovation units with particular capabilities," should be formed. Additionally, through sustainable data centers or digital infrastructure for automated operations, digital advances should improve sustainability and modernize public administration. Moreover, legislation should establish which criteria should apply to future real-world labs ("Reallabore") and experiments in order to facilitate regulatory learning. Also, a minimum quota should be established in public procurement to create a market for climate-friendly products.

The new government's vision for start-ups and start-up promotion is to make it feasible to establish a business in one day (24 hours) and to strengthen KfW's position as an innovation and investment agency. Besides that, new business models will emerge, such as social enterprises and businesses with tethered assets. As with public administration, innovation promotion will be de-bureaucratized. Along with helping start-ups, the government is fostering research and development, with the goal of increasing its contribution of GDP to 3.5 percent by 2025. Likewise, an infrastructure for technical and social entrepreneurship is to be established, as is collaboration between research and entrepreneurs. Priorities for research and science are divided into six so-called "future sectors," which include current technologies and digitalisation, climate change, health, sustainable use of space and oceans, and societal resilience. To facilitate the transfer of knowledge from research to practice, the German Agency for Transfer and Innovation (DATI) will be founded to promote social and technological

innovations in collaboration with start-ups, SMEs, and social and public organizations, among others. To be established are innovation areas modeled after the British model. In this vein, the new government also wishes to strengthen ties with its European allies.

Partnerships are frequently mentioned in the coalition agreement. Thus, the Government Parties intend to advance euro- and international climate- and energy-related partnerships. Climate partnerships with selected partners from the Near and Middle East, as well as Russia, are specifically mentioned, with a focus on future issues such as water, fuel cell technology, and energy efficiency. Even though the previously untapped Nord-Stream 2 pipeline is a major driver of cooperation with Russia, the country has so far pursued no green hydrogen projects, opting instead for the use of natural gas, according to a study by the Stiftung Wissenschaft und Politik (Zabanova & Westphal, 2021). A European Union for Green Hydrogen, as well as worldwide climate clubs, are supported. Partnerships with the Nordic countries are not explicitly mentioned in the Coalition Agreement.

Criticism from the Union, hope in the economy

Leading CDU politicians such as Secretary General Paul Ziemiak and Norbert Röttgen, who is running for the CDU presidency, have criticized the coalition agreement for being too generic, particularly when it comes to financing (Phoenix, 2021; Tagesschau, 2021). Chances such as the establishment of a digital ministry may have been missed. Ralph Brinkhaus (CDU-Parliamentary group chairman) added: "We do not recognize the promised advent" (Phoenix, 2021a). Even for Siegfried Russwurm, President of the Bundesverband der Deutschen Industrie (BDI), the contract is still too precarious (BDI, 2021). Nonetheless, he emphasized: "The importance of industry and its innovation capacity is evident at many crucial points of the treaty and very positive." Claudia Kempfert, Head of the Energy, Transport, Environment Department at the German Institute for Economic Research DIW, describes the agreement as a highly ambitious climate protection program, but one that were physically, technically, and most importantly economically much more would have been feasible, for example in the transportation sector (RND, 2021). The Coalition Agreement's ability to deliver on its promises will be determined in the next months and years. Particularly, because the fundamental issues of financial viability and goal conflict remain unresolved.

What's in it for the Nordic countries?

Germany's new government has placed a high premium on implementing future-oriented policies such as climate change, the 17 Sustainable Development Goals, and partnerships with European and international partners. However, it appears as though they wish to focus on cooperation with Russia and the MENA region in terms of future technologies, while leaving

cooperation with European partners somewhat undefined. In light of the vast potential for sustainable development in the Nordic countries, such as battery- and fossil-free steel production, the question of how far the traffic light coalition's future gaze will be directed north remains an open one. Due to the strong focus on innovation, it is expected that existing innovation partnerships, such as those with Sweden, will be maintained.

In foreign policy, the new Federal Government essentially remains true to the traditions of German foreign policy. The commitment to multilateralism, the transatlantic alliance and a strong EU remain unchanged. What is new is the explicit reference to a Feminist Foreign Policy. This is already the case in Sweden and Finland also formulates gender equality and the rights of girls and women as well as minorities as a central goal of foreign policy. Here, Germany, together with the Nordic countries, could set an example within the EU and worldwide and place the position of women in politics, but also the stronger consideration of minorities, even more in the international focus.

In security policy, it remains to be seen how much change is actually possible. The NATO alliance remains the foundation, but stronger independence and a "strategic compass" for the EU are emphasized. It will be interesting to observe in the coming weeks and months how relations with Russia and China develop. Here, the coalition agreement certainly points to a new or at least clearer course. Whether the new German government will be able to bring its European partners together on a common line will also depend on the assertiveness and diplomatic skills of the new Foreign Minister Baerbock.

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