

Germany signs off on flagship climate plan

December 20 2019, by Coralie Febvre, Kit Holden



Merkel's government is under increasing pressure to tackle climate change

The German parliament on Friday formally approved a sweeping package of climate policy reforms, in a relief to Chancellor Angela Merkel's government as it faces growing pressure to take environmental action.

The so-called climate package, which includes plans to make train travel cheaper and increase taxes on air travel, will take effect on January 1 after months of wrangling.

Previously blocked by a dispute over costing, the bill was passed by the upper house after MPs reached a compromise on a higher carbon price of 25 euros (\$27) per tonne earlier this week.

"We have achieved a national consensus on climate that will give us fresh momentum to reach our climate goals," said Economy Minister and close Merkel ally Peter Altmaier.

The package is intended to help Europe's largest economy reduce greenhouse gas emissions by 55 percent by 2030 compared to 1990 levels.

That promises to be a huge challenge in a country that despite its green reputation abroad remains heavily dependent on polluting coal power and has a fondness for gas-guzzling cars.

The climate package has already attracted criticism from environmentalists and business lobbies, but the government was keen to show it was taking global warming seriously after months of massive "Fridays for Future" protests.

The bill's approval also comes hot on the heels of European Commission chief Ursula Von Der Leyen's ambitious new "Green Deal" unveiled earlier this month, aimed at making the bloc carbon neutral by 2050.

CO2 price

Germany's climate package is estimated to cost the government around 54 billion euros by 2023.

The slew of measures will see long-distance rail tickets become roughly 10 percent cheaper, while flights will face surcharges of 13 to 60 euros depending on the distance.

Following the compromise struck between the government and lawmakers, Germany will charge a starting price of 25 euros per tonne of carbon dioxide emissions in transport and construction from 2021.

The government had initially proposed a rate of just 10 euros per tonne—outraging environmental campaigners, the opposition Greens and even members of Merkel's own coalition partner the Social Democrats.



Coal still accounts for a third of Germany's energy mix

The rate is set to increase to 55 euros per tonne by 2025, before eventually being incorporated into an EU-wide carbon trading system.

To offset the higher costs for consumers and companies, the climate package includes subsidies for electric cars and tax incentives for greener heating, electricity and housing.

Merkel on Monday welcomed the carbon price compromise as a "positive contrast" to the lack of progress achieved at last week's inconclusive COP25 global climate conference in Madrid.

"The different parties... showed a willingness to tend towards a solution without letting things go on forever," she said.

'Too late'

But academics from "Scientists for Future" said the CO2 price was "too weak" to convince households and companies to change their behaviour.

"It's too little, too late," the campaigners said in a withering verdict of the climate package.

Winfried Kretschmann, a leading figure in the Green party and state premier of Baden-Wuerttemberg, was cautiously optimistic.

"It's a step in the right direction" but "many issues remain unresolved", he said.

One of the most hotly-contested topics is Germany's planned coal exit by 2038, a controversial decision that has pitted environmentalists against those wanting to protect jobs in the sector.

The dirty fossil fuel still accounts for around a third of Germany's

energy mix, in part because of Merkel's 2011 decision to phase out nuclear power.

Holger Loesch, deputy director of the Federation of German Industry (BDI) said Germany faced higher gas and electricity prices as a result of the climate package that would hurt businesses competing against foreign rivals.

"It's uncertain how German companies will stay competitive in the future," he warned.

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