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## Germany needs an *Energy Transformation* foreign policy

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# The Current Column

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## Germany needs an *Energy Transformation* foreign policy

Bonn, Washington D.C., 7 January 2013. The German government rightly describes the transformation of its energy system, known in German as the *Energiewende* or *Energy Transformation*, as a great reform project that will fundamentally change the face of the German economy. The domestic debate in Germany on the *Energy Transformation* focuses on the short- and long-term costs, decentralised or large-scale green energy infrastructure, investment in energy efficiency, the networking of energy and information technologies, links between concepts of mobility and urban development and renewable energy infrastructure, local and national planning processes, new institutional designs for renewable energy markets, changes to the allocation of resources in energy research, public participation and energy-efficient lifestyles. It is gradually becoming clear that *Energy Transformation* means more than erecting wind turbines and installing solar panels. Germany's *Energy Transformation* is currently the world's most ambitious project for transforming a fossil-fuel- and nuclear-based high-performance economy into one that is climate-compatible. The success or failure of the *Energy Transformation* in Germany may be more important for the struggle against global warming than the interminable procrastination at the climate talks.

It is high time the *Energy Transformation* became one of the main issues in Germany's foreign relations, because Germany needs partners to help defray the cost of the *Energy Transformation* and to increase and multiply its influence at the international level. The German public debate overlooks the fact that the world has long been "observing" the *Energy Transformation*. The realignment of Germany's energy policy has had the unexpected advantage of attracting attention to the German economy and German society, which combined with the continuing strength of the economy, can turn into a reputational and competitive advantage. Translated into the language of the foreign policy experts, this means that the *Energy Transformation* can help Germany to achieve a significant increase in soft power in the foreign policy field. Thanks to its economic dynamism and active innovation strategies, only a few

economies – China, Brazil and, with some qualifications, India, for example – have attracted as much attention as Germany in the international debates on the future of the world economy after the current global financial market crisis. With its *Energy Transformation*, Germany is one of the "labs for the future".

The *Energy Transformation* will enable the country's reputation in the area of environment and climate policy to be deployed and extended to also include "green innovation", energy transformation and climate-compatible development. Germany can also take advantage of the strengths traditionally ascribed to its economy and society: engineering, reliable technology development, the innovativeness of the many German world market leaders, and the vigilant environmental movements whose arguments have long since been taken up even by many political and business decision-makers.

An argument often heard in the international debate on the *Energy Transformation* is that, in the past, Germany has shown itself capable of achieving ambitious, long-term goals in a range of fields. Reference is made to the "German economic miracle" after the Second World War and to Germany's reunification. Germany is considered to have the ability to develop solutions to one of the world's greatest problems: a pattern of growth that everyone knows leads directly to climate crisis. This momentum should be leveraged by German foreign policy. The image of an "engine of green innovation" in the world economy might also help to qualify the widespread depiction of Germany as "Europe's merciless hatchet man".

The international perception of the *Energy Transformation* varies: In China, the country currently investing most in climate-compatible infrastructure, many observers are fascinated by the technological vision of the *Energy Transformation*. Germany is regarded as the toughest competitor for green markets of the future and as a pioneer in economic development that is both sustainable and more competitive.

In the USA Germany's *Energy Transformation* is seen from three angles: as a "green flight of fancy"

that will have disastrous economic consequences; as a process in which the cost of renewable energy sources will be gradually reduced, with Germany accepting the high risks to which an innovative pioneer is typically exposed, while the USA initially refrains from joining in the green energy transformation so as to avoid these transitional costs; and as a far-sighted innovation strategy with considerable international appeal. President Obama took the third view during the recent election campaign arguing, that the US should not leave green innovation to China and Germany.

In India and other developing countries renewable energies are still frequently perceived as niche technologies. But here too there is considerable interest in the German *Energy Transformation*. If it succeeds in a strong economic nation like Germany, it could inspire many imitators soon. It is currently arousing serious interest at the World Bank, whose new President, Jim Y. Kim, would like to see a significant increase in investment in climate-compatible development.

Germany's *Energy Transformation* is also compared to the "lunar mission" announced by President Kennedy in 1961. Many observers will recall the effort made by the USA to integrate its "breakthrough to a new technological era" into its foreign policy. German government ministries are already involved in a number of international "green energy transformation" initiatives in many different, though often piecemeal and uncoordinated ways. The *Energy Transformation* is not yet a "major flagship project" in German foreign policy. The aim must now be to pursue a diplomatic strategy on the *Energy Transformation* that is clear and will be heard throughout the world and to amalgamate the activities of the Development, Environment, Research and Economics Ministries, the Foreign Office as well as the Chancellery and

align them strategically. Only then can transformative international partnerships for climate-compatible development emerge. In this, the government should approach not only countries that are already convinced of the value of an energy transformation but also the "sceptics" and the "curious" – this being true not least of cooperation with European partners. Even in Germany, the true transition to a green energy system was seen, before "Fukushima", as a project that had little chance of being implemented.

One aim of German foreign diplomacy should be to join with strong partners in forming an attractive "Club of Low-Carbon Pioneers" that helps to accelerate the transition to a climate-compatible world economy. Its members should engage in ambitious cooperative projects that promise advantages for all through, e.g. the linking of emission trading systems; joint energy efficiency research programmes or the transnational training of low-carbon architects, engineers, transport experts and economists. For such a Low-Carbon Club to be successful a number of key questions must be answered including: Which countries should join? What benefits should accrue to the members, and which transformational targets should be achieved? How open should the Club be? An effective *Energy Transformation* foreign policy will require a wide range of players, but also a clear power centre to drive progress. The most appropriate driver currently being either the Federal Foreign Office or the Chancellery.

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