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The German role in European climate policy - Leader or laggard?

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El papel de Alemania en las políticas climáticas europeas - Líder o rezagado?

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Abstract

This thesis examines the German role regarding the European Emissions Trading System, the setting of climate targets as well as the promotion of renewable energies in the EU in order to assess how Germany has shaped European climate policy between 2000 and 2015 and to which extend the country can be considered a climate leader in this context. Hereby, the necessary analytical tools are provided by a theory of political leadership within the EU.

The thesis was able to determine that Germany can be called a climate leader to a significant degree, especially with respect to renewable energies and the setting of climate targets. Hereby, the country showed entrepreneurial as well as cognitive leadership. However, its frontrunner role is to be viewed under three limitations. Firstly, Germany can't be considered a green leader regarding the EU-ETS. Secondly, the country often combined an aspirational climate policy with national interests. And thirdly, German leadership decreased over time. In addition, the thesis can confirm the assumptions of the theoretical framework that the country's structural resources and the institutional setting are important aspects that limited or enhanced German leadership even if the exact degree of influence is difficult to determine.

Keywords: European climate policy, EU ETS, renewables, political leadership, Germany

Resumen

Esta tesis examina el papel de Alemania respecto al régimen Europeo de comercio de derechos de emisión, al establecimiento de objetivos climáticos y a la promoción de las energías renovables en la UE, a fin de evaluar la forma en que Alemania ha influido las políticas climáticas europeas entre 2000 y 2015 y hasta qué punto el país puede ser considerado un líder climático en este contexto. Una teoría del liderazgo político en la UE ofrece las herramientas analíticas necesarias.

La tesis consiguió determinar que Alemania puede calificarse de líder climático en un grado significativo, especialmente en el ámbito de las energías renovables y del establecimiento de objetivos climáticos. En este caso, el país mostró un liderazgo tanto empresarial como cognitivo. Sin embargo, su papel de líder está sujeto a tres limitaciones. En primer lugar, Alemania no puede considerarse un líder verde con respecto al RCCDE. En segundo lugar, el país suele combinar una política climática ambiciosa con intereses nacionales. Y en tercer lugar, el liderazgo alemán se disminuyó con el tiempo. Además, la tesis puede confirmar los supuestos del marco teórico de que los recursos estructurales del país y el entorno institucional son aspectos importantes que limitaron o potenciaron el liderazgo alemán, aunque el grado exacto de influencia sea difícil de determinar.

Palabras claves: Política climática europea, EU ETS, energías renovables, liderazgo político, Alemania

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1. Introduction

Under the catchword ”European Green Deal”, the European Commission launched a revision of the EU´s climate and growth strategy in 2019. With the help of this major investment, legislative and policy package, the EU aims to reduce its emissions by 55% until 2030 and to be the first continent worldwide to become completely climate neutral by 2050 (cf. European Commission n.d. c). This ambitious strategy marks a further strengthening to the commitment against climate change of the European Union, which already has one of the most stringent collection of environmental and climate measures worldwide (cf. McCormick 2020, p.398).

Next to the European Commission, the European Parliament and interest groups, some national states were central in influencing this policy development (e.g., Wurzel/ Connelly/ Liefferink 2017). Germany in particular has a worldwide reputation as green leader and was always said to play a frontrunner role in international climate policy (e.g., Göbel/ Orth/ Sibum 2018, p.78; Weidner 2008; Stern 2017). The intention of this thesis is to analyze if this is also true at the European level. Thus, the thesis will examine the German role in the European policy on climate change in order to answer the following questions: How has Germany shaped climate policy of the EU between 2000 and 2015? To which extend can it be considered a climate leader in this context?

The necessary analytical tools to answer those questions are provided by a theory of political leadership within the EU, that is applied in a deductive way. This conceptual framework defines climate leadership as a country’s degree of influence on European climate policy. The focus is thus set on the policy dimension, which this thesis understands as the respective policies in the fields of the European Union Emissions Trading System, renewable energies as well as the development of the EU´s overall strategy to combat climate change. As specified further below, these three sub-areas constitute the case studies that are analyzed in this work. Hereby, the creation of an European additional value by following European climate interests as well as a visible impact on the policy outcome are seen as the two mandatory conditions for green leadership. Thanks to the conceptual framework, it can be examined in a first step wether Germany can be called a climate leader. In a second step, the framework also offers the necessary tools to determine the style of leadership, i.e. cognitive or entrepreneurial, and to analyze the role of the institutional setting and of Germany's structural resources. Hence, both are understood as influential factors which limit or enhance political leadership within the EU.

Although it is acknowledged that the EU is a multilevel system, the focus is hereby set on Germany as a national state, which is represented first and foremost by the Federal government as well as German officials in the EU, and therefore on the possibilities of influence for the member states. Other ways to represent German interests within the EU like the role of the Members of the European Parliament or interest groups can’t be taken into account.

Besides, as the field of climate policy is very broad for it encompasses all political measures to mitigate and to adapt to global warming and herby overlaps with other policy areas such as energy or transport policy, the topic will be examined on the basis of different sub-areas. In concrete terms, the case studies analyzed in this thesis are the development of the EU´s overall strategy to combat climate change, which comprises mainly the setting of binding targets, as well as the EU´s two flagship instruments to achieve those targets: The European Union Emissions Trading System (EU ETS) as ”a cornerstone of the EU´s policy to combat climate change and its key tool for reducing greenhouse gas emissions” (European Commission n.d. b) as well as the promotion of renewable energies which is ”a priority for the EU“ (European Parliament 2016, p.1) in its climate policy. Other instruments, however, such as Carbon Capture and Storage (CCS) or concrete measures to increase energy efficiency aren’t part of this thesis for they only play a secondary role in European climate policy.

In addition, only the period between 2000 and 2015 is being studied for it can be considered as the most formative one. Thus, the central foundations were laid in this initial phase by deciding upon the overall strategy for European climate policy and by formulating the first directives in the main key areas, namely the European Emissions Trading System (EU ETS) and the field of renewables. The EU´s model for climate protection was designed between 2000 and 2015 so to speak. And this model ist still valid today and shapes the current climate policy of the European Union. Hence, the overall strategy still follows the same guidelines, including the setting of ambitious targets with a binding character as for example the EU´s objective to reach climate neutrality by 2050 shows. And the same applies for the directives regarding the EU ETS and renewable energies. Although they are renegotiated regularly, they are revised based on the already existing basic structure without bringing fundamental changes. This is particularly true for the EU ETS Directive for it is characterized by a strong centralized and harmonized approach that doesn’t leave the national states much leeway (cf. Chapter 6). Thus, the negotiation process for its revision in 2018 focused on nothing more than slight improvements regarding the functioning of the system and the typical points of controversy such as the carbon leakage rules (cf. Oxford Institute for Energy Studies 2018, pp.8-10). And also the in 2018 revised Renewables Directive can be called ”rather evolutionary than revolutionary“ for the core structure based on ambitious targets and centralization without interfering with the national steering method remained the same (cf. Ludwig 2019, p.92).

Methodologically, this thesis is based on comprehensive secondary literature backed up by the qualitative evaluation of primary sources. Those include the relevant directives and Council conclusions, draft proposals by the European Commission, German position papers and presidency programs, speeches by German officials, national documents such as coalition agreements, press releases, news paper articles as well as websites of the European institutions in case no other source could be found and so on.

Regarding the state of the art, it can be said that Germany in particular is often in the spotlight in research about leadership (e.g., Schöller 2019; Schild 2010; Bulmer/ Paterson 2019; Otero-Iglesias 2017; Paterson 2011; Michaelowa 2008; Steinbacher 2019; Buchholz/ Dippl/ Eichenseer 2019). However, an important gap can be identified with regard to German leadership in European climate policy. Although there are attempts, none of them examined the role of Germany by applying a theory of leadership within the EU systematically and in depth. Thus, Martin Jänicke analyses German climate leadership but focuses hereby on the international level and not the European one (cf. Jänicke 2017). And Stefan Vögele and Christopher Ball follow a performance-oriented approach ignoring important aspects of leadership such as the politics dimension (cf. Vögele/ Ball 2019).

As for the structure of the thesis, the analysis grid, namely the theory of political leadership within the EU, will be developed in a first part. The second and third part comprise an assessment of Germany's structural resources - both in general as well as with respect to the environmental field in particular - and of the institutional setting for the European policy making process upon climate change. Both aspects, which either limit or enhance a member state's leadership within the EU, are considered generally valid for all sub-areas and are thus explained at the beginning. They are followed by the three case studies, namely the milestones for the development of the overall European strategy against climate change, the emissions trading system as well as the promotion of renewable energies. In all three case studies, the degree of German leadership, the role of the influential factors as well as the style of leadership are discussed by focussing on the German position, the policy outcome as well as the negotiation process of the respective directives or Council conclusions and by briefly taking up the relevant findings from Chapter 3 and 4. The case study about renewables further includes a general overview of Germany’s cognitive leadership between 2000 and 2015. The thesis will then close by summing up the results and by providing a short outlook.

2. Theoretical framework: A theory of political leadership within the EU

In political literature, the notion of leadership is used in a wide variety of contexts. However, as the term is contested and “there is not even a consensus to what extent political leadership – be it at the level of individual or composite actors – matters at all” (Schöller 2019, p.13), there is a need to conceptualize the term at first by drawing on existing definitions and looking for common ground. Thus, in EU leadership theory, scholars generally distinguish between four different components of leadership which are: 1) having a purpose; 2) obtaining a result; 3) having the possibility to draw on resources; 4) the process of executing leadership (cf. Müller/ Van Esch 2020, p.1059).

Accordingly, leadership can be defined as a “process in which powerful actors use their resources in such a way as to guide the behavior of others towards a common goal” (Schöller 2019, p.4). Starting from this definition, it can firstly be noted that the purpose that the leader pursues must be related to the achievement of a common goal and must benefit the collective. Given that the paper explores the question of *climate* leadership, the potential leader must hereby show clear environmental ambitions. In terms of the EU´s climate policy, the leader should therefore offer direction as well as orientation to the union of states and/or generate an European additional value in this field. In short, it should drive European policy on climate change forward. Purely selfish motives such as the objective of enforcing national interests in European decisions don´t qualify as leadership in this sense (cf. Schild 2010, p.1369). However, defining climate leadership always contains a normative part as there is a controversy over what is good for the eco-system. Nuclear energy, for example, was promoted as a key component in the fight against climate change by France, whereas other states have viewed the power source critically (cf. Liefferink/ Wurzel 2017, p.955).

Secondly, this thesis applies a leadership-as-result perspective by assuming that a country has to shape the final outcome and must manage to upload its position in order to be called a leader (cf. Müller/ Van Esch 2020, p.1060). However, it is acknowledged that leadership is limited or facilitated by different factors. Thus, in order to be able to exert political leadership, structural resources, also called power resources, are required. Magnus Schöller sees them as a prerequisite for leadership as they “constitute a formal or informal position of authority” (Schöller 2019, p.14). And although it's always difficult to empirically establish casual links between resources and impact (cf. Müller/ Van Esch 2020, p.1059), Jonas Tallberg is able to demonstrate the relevance of a state's resources and its bargaining power in the European Council. Hence, he states: “Even if structural capabilities rarely are deployed directly in the negotiation process, they impact indirectly, by defining a state's range of options, the resources it can commit to an issue and the legitimacy of its claim to shape joint decisions” (Tallberg 2008, p.703). In other words, the leader's ability to affect the outcome depends mainly on its resources because its authority and bargaining power derives from them. And power, in return, must be seen as one basic condition for leadership as – following the definitions provided by leading representatives of the realist school in international relations studies such as Robert Dahl or Frederic Hartmann – it can be defined as the capacity to shape the actions of others by getting them to do something they normally would not do (cf. Schöller 2019, p.14; Dahl 1957, p.202f.).

In general, structural resources can be classified into material, institutional and ideational or immaterial resources (cf. Schild 2010, p.1372; Schöller 2019, p.34). Following Tallberg, material resources refer to a state's hard power and comprise both aggregate as well as issue-specific capabilities. Whereas the first aspect regards “a state's total amount of resources” such as its economic and military strength or the size of its population and

territory, the second is based on a country's “resources in a particular issue” (Tallberg 2008, p.689; 692). This distinction is based on the assumption that even if the total sum of aggregated resources plays an important role for a state's dominance in international negotiations, it's power can vary depending on the policy-area because not every resource has the same relevance for all areas. This may serve as an explanation of why smaller countries often manage to prevail against states that are supposedly more powerful (cf. Ibid.).

In the area of environmental policy, for example, which is the particular issue on which this paper has its focus, primarily economic power plays an important role (cf. Liefferink/ Wurzel 2017, p.957). In general, it can be determined by taking the GDP, which measures the size and health of the national economy, growth rates, export performances, the public debt and the unemployment rate into consideration (cf. Schild 2010, p.1372). These factors are a sign for “the attractiveness and reputation of the national socio-economic model which, in turn, may be advantageous in attempts to upload features of a successful variety of capitalism to the European level” (Ibid.) and allow for a greater say in the European politics. Military power, in contrast, can be neglected except when it comes to ecological security conflicts. Besides, the extent to which a country contributes to an environmental problem is an important factor as it gives the state considerable leverage. An example here is a state's share in greenhouse gas emissions or its energy consumption (cf. Liefferink/ Wurzel 2017, p.957).

Institutional resources, on the other hand, comprise the number of voting or veto rights in the European institutions. In accordance with the intention of this thesis to focus on the possibilities of Germany as a national state to influence European policy making and not to consider other ways to represent German interests (cf. introduction), only the provisions in the two Councils and not in the other European bodies will be examined for the member states as such are primary represented in the former.

Lastly, ideational resources should be taken into account for they provide the leader with immaterial assets. Thus, these factors increase the followers´ trust in the leader and therefore, allow him to pursue his interests more easily (cf. Schöller 2019, p.43). In addition to expertise and privileged information, the degree of credibility and legitimacy is especially crucial here. The latter two depend ”on the level of trust that partners have in the use of leadership resources and power by the government […] for the pursuit of collective European goals“, which can be gained by ”exemplary behavior in a rule-bound system“ (Schild 2010, p.1372f.). That requires that a leader pursues common European and not national interests, that he is committed to comply with the rules and meets the set targets himself and that he adopts a EU diplomacy that is based on cooperation and the integration of its partners rather than coercion and decisive decisions (cf. Ibid.; Bulmer/ Paterson 2019, p.73). In the environmental field, this means specifically that the country follows interests to protect the environment, complies with the set climate targets and pursues a cooperative EU diplomacy in general. Besides, a state's expertise can be

assessed by its contribution to the technological progress in the environmental sector as well as by the national policies and regulations that are in force in the country. In short, the environmental friendliness of a country must be examined in order to measure its immaterial resources in this field (cf. Vögele/ Ball 2019, p.241).

However, even if power resources play an important role in exercising leadership, they are not the only relevant factors. Thus, they “do not simply translate into effective influence in the EU´s decision-making process” (Schild 2010, p.1378). This is due to the fact that leadership must be understood as a process as the third component of the definition given above makes clear. Hence, a leader's success also depends on the extent to which he is able to transform its power resources into leadership. Hereby, the institutional setting as well as the strategies employed by the leader must be taken into consideration. Thus, supposedly weak leaders – that is, with few resources – can still manage to succeed provided that they use the right means and that the institutional environment is favorable. In contrast, leaders which are equipped with many power resources can fail if the institutional setting poses a great constraint and if they rely on the wrong strategies (cf. Schöller 2019, p.18).

The institutional setting comprises all institutions, procedures and rules that have an impact on the policy-making process. It offers institutional opportunities as well as constraints and can make it therefore easier or harder for the leader to influence the other actors and the decision making (cf. Tömmel 2020, p.1144). As a general rule, it can be stated that “the more favourable a leader's institutional environment, the more likely her success” (Schöller 2019, p.18). In the European Union, the setting is planned to have a “power taming function”. However, the extent to which it can fulfill this task strongly depends on the policy field as the institutional configuration, rules and procedures are designed differently in every one of the three pillars of the EU (cf. Schild 2010, p.1378).

To be more specific, the degree to which the institutional setting “tames” the leader and limits its possibilities to exert influence depends mainly on three factors. First of all, on the level of institutional formalization in the policy making process. Hence, the more formalized the process, the more limited are the possibilities of influence for the member states. Moreover, the role of the supranational bodies in European decision-making is important. Thus, in those policy fields where the European Parliament, the Commission and/or the European Court of Justice have a lot of power, the leader's influence is constraint. And finally, the procedures and rules within the European Council and the Council of the European Union have to be considered (cf. Ibid.). Here, possible opportunities and constraints can be the voting procedure including veto rights and the Council's presidency (cf. Tallberg 2008, p.694).

Next to the institutional setting, a leaders success also depends on the means that it chooses. Hence, by turning its power resources into strategies, the leader can actively influence the other actors and therefore the outcome. However, whereas scholars agree that strategies play an important role in political leadership theory, a wide range of

different classifications exist (e.g., Young 1991; Underdal 1994; Malnes 1995; Nye 2013; Schild 2010; Liefferink/ Wurzel 2017). This paper mainly draws on Magnus Schöller´s typology. He distinguishes between strategies “enhancing collective action” and those “providing common knowledge”. Following the distinction of Oran Young, the first set of strategies can also be called “entrepreneurial leadership” and the second “cognitive“ or “intellectual leadership”.

The first set refers to the leader's negotiation strategies and contains measures such as agenda-management, coalition-building, pre-negotiation, unilateral action or leading by example. The second allows a state to advocate its interests through ideas as the “leader comes up with completely new beliefs about which policy instrument or institutional arrangement works best in certain situations” (cf. Schöller 2019, pp.37-40). Schöller bases his typology on James Burns´ widely used distinction between transactional and transformational leadership. Thus, intellectual leadership can be understood as transformational as it modifies and expands the common knowledge of a group of actors and therefore initiates structural change whereas entrepreneurial leadership is transactional in the sense that the leader helps a group to overcome a short-term collective action problem (cf. Ibid. p.19f.). However, the two categories are only clearly separated in theory. In reality, they can occur at the same time as well.

In conclusion, it can be stated that climate leadership in this thesis is understood as a country’s degree of influence on European climate policy. It thus focus mainly on the policy dimension and therefore differs significantly from other definitions in the field. Hence, many scholars such as Franchini and Viola, who define green leadership as “the level of agency in climate negotiations“, put the dimension of politics in the foreground (Franchini/ Viola 2019, p.3). Furthermore, this thesis considers the creation of an European additional value in the respective policy field as well as a visible impact on the policy outcome as the two essential aspects of leadership. Hence, in order to qualify as a climate leader, a country has to drive European climate policy forward by following European climate interests and by shaping the outcome. Both are mandatory conditions, i.e. meeting just one aspect is not regarded as sufficient. For instance, a country can be influential by shaping the policy outcome but doesn’t qualify as a green leader if it follows national instead of European environmental interests at the same time.

Based on this definition, this thesis tries to assess in a first step if Germany qualifies as a green leader in the respective case study. In a second step, the thesis further aims at determining the style of leadership, i.e. cognitive or entrepreneurial, and at analyzing the role of the institutional setting and Germany´s structural resources. Both are established by the theoretical framework as influential factors which limit or enhance political leadership within the EU. Graphically, the definition of leadership used in this thesis can be depicted as seen in table 1. The overview tables in the interim conclusions are designed in a similar way in order to present the research results in a structured manner.

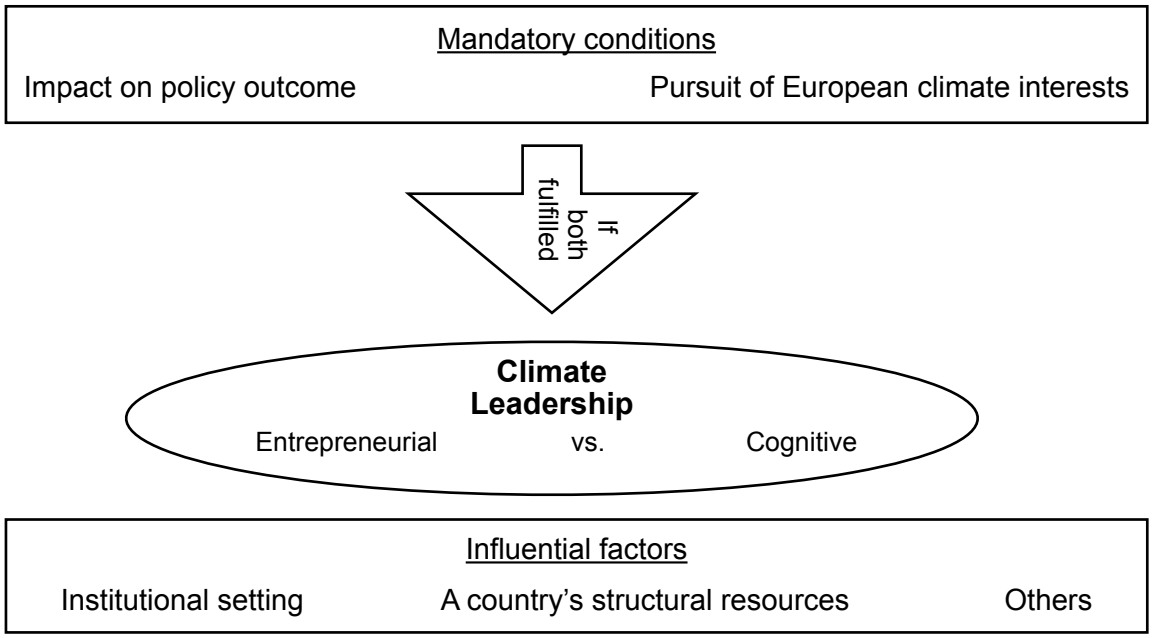

Table 1: Visual overview of the definition of climate leadership within the EU. Source: Own elaboration.

3. Structural resources: Germany´s position within the EU

3.1. Material resources

3.1.1. Economic resources

Indicator	Germany	EU-28	Share
Population (in million)	81,2	508,2	16,0 %
Territory (in km²)	353.296	4.104.251	8,6 %
GDP (in billion Euro)	3.026,6	14.611	21 %
GDP per capita (in PPS; EU-28=101)	124	101	N/a
Unemployment rate (in %)	4,6	10,1	N/a
Exports of goods (in billion Euro)	1.195,8	N/a	N/a
External trade balance (in billion Euro)	247,8	60,0	N/a
Rank on the global competitive index	4	N/a	N/a
Growth rates (percentage change on previous year)	1,5	2,3	N/a
Government gross debt (% GDP)	72,0	84,7	N/a

Table 2: Selected economic indicators of Germany in 2015 and their classification in the EU context. Sources: cf. Eurostat 2015; Eurostat 2021a); Statistisches Bundesamt 2016a), p.5; Eurostat 2021b); Eurostat 2021c); Statistisches Bundesamt 2016b); Schwab 2015, p.xv; Eurostat 2021d); Eurostat 2021e).

Considering its economic resources, Germany was a major player in Europe in 2015. It was not only the most populated and the fourth largest country in the EU but also Europe's economic motor. Its "massiv economic […] power resources stand in marked contrast to its meagre hard power resources" so to speak (Bulmer/ Paterson 2019, p.212). In terms of the GDP, unemployment rates, the export performance and global competitiveness, Germany played a leading role as table 2 reveals. Thus, with a GDP of around 3.000 billion Euro, the central European country was the biggest economy in the EU and was therefore also the largest contributor to the EU budget in absolute figures and the forth largest contributor per capita between 2008 and 2015 (cf. Kullas/ Dauner/ Pötzsch/ Hohmann 2016, pp.ii-iv). Besides, it had the third lowest unemployment rate within the European Union. And although Germany´s growth rate in 2015 ranked below the European level, it could still register an average growth rate of 1,3% between 2008 and 2018 (cf. Statistisches Bundesamt 2020).

However, this wasn't always the case. For in the early 2000s, Germany was seen as the "sick man of Europe" because of its poor growth rates and its unemployment rate in double digits (cf. Fratzscher 2018, p.3). Only thanks to the Agenda 2010, that introduced fundamental economic and social reforms in 2003, Germany could go "from [the] sick man of Europe to economic superstar" from 2007 onwards (Dustmann/ Fitzenberger/ Schönberg/ Spitz- Oener 2014), only with a steep drop in 2008 and 2009, when the financial crisis hit the global economy hard. But unlike many other nations in Europe and internationally whose economy were stagnating or barely growing, Germany recovered quickly mainly thanks to its openness to trade and experienced a "second German economic miracle" *[zweites deutsches Wirtschaftswunder]*[1] (Rürup 2020) as the top-economist Bert Rürup called the economic upswing in the last 15 years.

The driving force of the German economy are its exports. In 2015, Germany was able to achieve a new record trade surplus for the second time in a row and thus was by far the largest exporter in the EU. By comparison, the Netherlands and France exported goods for only about half the value. But even though Germany has been able to generate a surplus thanks to its export-oriented model since its reunification and has held the title of world export champion from 2003 to 2005 and in 2008, the surpluses have only been this large since 2007 with a slump during the financial crisis (cf. Bpb 2021).

Also worth mentioning is Germany's government gross debt which is a sign for the sustainability of a state's financial budget and its fiscal stability. In 2015, with a national debt of just over 70% of the GDP and zero new borrowing, Germany performed better than the average in the EU and was also complying with the rules of the controversial Stability and Growth Pact, that requires states to keep their budget deficit under 3% of the GDP. However, this wasn't always the case. From 2001 to 2005, Germany breached the so-called Maastricht criteria by taking on more than the allowed 3% new debt (cf.

[1] Translations of foreign citations are done by the author, unless otherwise attributed.

BMF n.d. a); BMF n.d. b). After 2009 and 2010, when Germany exceeded the 3% again and its government debt increased to 85% due to the financial crisis, it managed however to stay under the required threshold. The country even succeeded in reaching the ”black zero“ in 2014 and 2015 and to reduce its national debt from 2012 onwards. This is especially noteworthy considering that other leading European member states such as France, Spain or Italy were experiencing rising debt at the same time. One explanation for this differing development was the inclusion of the debt brake in the German constitution (cf. Bulmer/ Paterson 2019, p.66).

Regarding its global competitiveness, Germany has been in the top 10 of the global competitiveness index since the start of its publication in 2004 and is - together with the Nordic countries and the Netherlands - the leader among the European member states. The publisher of the report, the World Economic Forum, which takes ”the set of institutions, policies and factors that determine the level of productivity“ into consideration, puts Germany's competitiveness especially down to its highly educated labour force, its capabilities in research and innovation, its willingness to use new technologies as well its stable macro-economic environment, infrastructure and market size (cf. Schwab 2019, p.xiii; 16).

Another factor for Germany's economic competitiveness is its strong industry and its high performing companies. Thus, the manufacturing sector - especially the electrical, engineering and chemical industry as well as vehicle construction - contributes to around 23% of the German gross value added. Numerous companies operating in this field can be either found among the largest firms in the world such as Volkswagen, Daimler-Benz, Siemens, Bosch or BASF or among the so-called hidden champions, i.e. relatively unknown market leaders in a special field (cf. Orth 2018). Those hidden champions are primarily small and medium-size enterprises (SMEs) that form the backbone of Germany's entrepreneurship. This so-called *Mittelstand* is so successful that it is at the heart of a ”Germany envy“ as the journalist Steve Hill called the jealousy of foreign countries for the German economic success (cf. Hill 2013). By providing crucially needed high quality products such as high tech precision tools and by concentrating on niche markets, many German SMEs are central players in the global economy.

3.1.2. Environmental resources

With respect to Germany's leverage based on its contribution to climate change, it can be noted that it is considerable. Hence, regarding the country’s greenhouse gas emissions per capita, Germany is with 11,4 tons of CO_2 equivalent in 2015 among the top 10 countries with the highest emissions in the EU. And this is no exception. From 2000 onwards, Germany has always been ranked between 7th and 13th, well above the EU

average of 8,8 tonnes in 2015 (cf. Eurostat 2021f.). A detailed overview over the evolution of the country's annual GHG emissions since 1990 is provided by table 3.

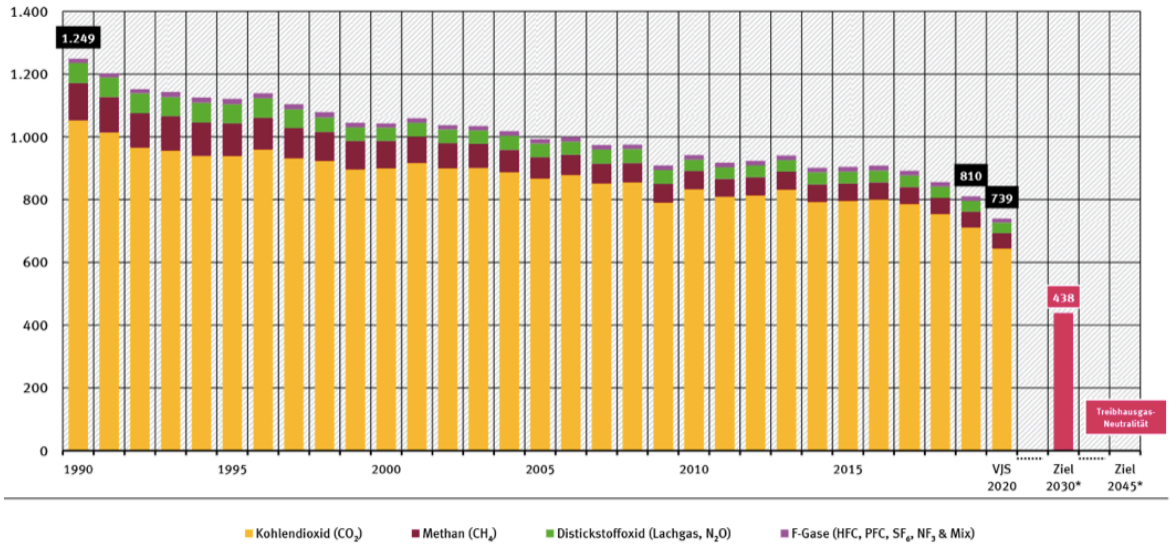

Table 3: Germany´s greenhouse gas emissions since 1990 by gas (in million tons of carbon dioxide equivalents). Source: Umweltbundesamt 2021a).

Its large carbon footprint can be partly attributed to its strong industry. Thus, the energy as well as the manufacturing industry, with the automotive industry as its strongest sector, are responsible for more than half of the emissions (cf. Umweltbundesamt 2021a).

Besides, the picture is similar for Germany's primary energy consumption. Hence, the consumption per German inhabitant is higher than the average in the European Union. In general, Germany's energy use accounted for around 20% of the total European consumption between 2000 and 2015 without large annual fluctuations (cf. Vögele/ Ball 2019, p.245).

3.2. Immaterial resources

3.2.1. Germany´s role and general legitimacy within the EU

Especially since the Eurozone crisis from 2008 onwards and the migration crisis in 2015, Germany's role in the EU and its position among the other European powers is the subject of numerous debates. Hence, the fear of a German hegemony is rising again and there a debates "whether a ‚German Europe' or a ‚European Germany', of which Thomas Mann has spoken after the war, better describes the situation in the European Union" *[ob ein „deutsches Europa" oder ein „europäisches Deutschland", von dem Thomas Mann nach dem Krieg gesprochen hatte, die Lage in der Europäischen Union besser beschreibt]* (Große-Hüttmann 2017, p.32). The so-called German question has reemerged. Yet it presents itself not in a geopolitical but geo-economic form. Thus, " in geopolitical terms, Germany is benign. However, the size of Germany´s economy, and

the interdependence between it and those around it, is now creating instability within Europe in an analogous way“ (Kundnani 2014, p.107).

Thus, Germany's economic strength not only frightens its neighbors but is also perceived as highly unfair for it allegedly comes at the detriment of the competitiveness and growth rates of the other European member states and even contributed to the emergence of the Eurozone crisis by causing major economic imbalances within the EU. At the heart of the criticism stand Germany's large export surpluses which are made possible through a competitive advantage gained due to the reduction of labor costs, for example through the outsourcing of production to the Viségrad states. Other European states with higher wages are therefore at a disadvantage. These so-called ” Beggar-thy-neighbour policies“ were much criticized. The then French finance minister Christine Lagarde in 2012 is just one example (cf. Dauderstädt 2012, p.12).

Next to Germany's economic strength, changes in its self-image and its European diplomacy are another main cause for the concern of its partners. Thus, not only have the ”developments within the EU […] in the 2010s propelled Germany into a central role in the EU“, but also has ”the long-standing pro-European rhetoric amongst German elites […] subsided considerably and European policy has focuses increasingly on a pragmatic approach, where the pursuit of German interests has predominated“ (Bulmer/ Paterson 2019, p.3). In particular Germany's economic interests are in the foreground here. Hans Kundnani, for example, speaks of a ”new form of German nationalism, which is based on exports and the ideal of peace“ (Kundnani 2014, p.6).

This development has been in the making since the 2000s and then became clear with the financial crisis. Thus, until the turn of the millennium, a strong commitment to the European integration and to trasatlanticism as well as a ”leadership avoidance reflex“, which was motivated by the fear to cause a backlash from the other European member states by taking the lead, were Germany's leitmotif. With Gerhard Schröder, the German rhetoric changed. The chancellor focused more on the representation of national interests and thus, advanced the normalization of the country, i.e. it started to behave more self-interested and to put national before European concerns like a ”normal“ nation. However, multilateralism and European integration were still Germany's raison d ´Etat and German hegemony within the EU was not an issue (cf. Bulmer/ Paterson 2019, p.72). Concerns only arose with the Eurozone crisis, when Germany's EU diplomacy changed. Thus, it abandon ”its traditionally prized preference for consensual decisions in the EU that was successful in delivering German unity in the European context“ and adopted policies instead that where highly divisive and much criticized (Ibid. p.75).

At the heart of the accusations is the German insistence on monetary stability and fiscal austerity. Through this ”dictate“, Germany is said to have only deepened the crisis by causing more unemployment and social hardship. Worth mentioning here are the demonstrations in the countries in crisis, during which Angela Merkel was depicted as

Hitler, the comment of the Greek columnist Stavros Lygeros, who described his country as a ”postmodern colony“ of Germany, or complaints by the former Greek premier minister Alexis Tsipras about political ”blackmail“ regarding the conditions for a debt relief (cf. Bach 2013; Wilkens 2014; Sina 2016). Besides, by insisting on these measures and by agreeing too late and too reluctantly to rescue operations, Germany is accused of not showing enough solidarity with its European neighbors and to only follow national interests at the expense of the European concerns. This point of criticism comes up again with respect to the German export surpluses as we have seen earlier (cf. Fratzscher 2018, p.132f.).

In addition, Rödder detects a new paradox with respect to the German question and therefore identifies a ”twofold German dilemma in the early 21st century“ *[ein doppeltes deutsches Dilemma im frühen 21. Jahrhundert]* (Rödder 2018, p.235) for German leadership is called in, only to be criticized later. Thus, while on the one hand the European member states demand more German leadership and ”fear Germany's power less than her inactivity“ as Poland's former foreign minister phrased it in his famous Berlin speech during the Eurozone crisis (Sikorski 2011), on the other hand they condemn German dominance at the same time. This dilemma was especially visible in the European debt crisis. At first, there have been explicit calls for German leadership and Germany's passivity was criticized and then, after it did take the lead, its decisions were interpreted as being new ambitions for hegemony.

These calls are mainly based on changes in the EU context. The Brexit as well as the decreasing relevance of the ”traditional vehicle for developing policy solutions“, the German-French friendship, led to a power vacuum in the EU and increased the pressure on Germany to take the lead (cf. Rödder 2018, p.233; Bulmer/ Paterson 2019, p.3). Here, Germany and not France was the first choice because of its growing economic strength. While France still was the legitimate and leading partner within the tandem until the early 2000s, it struggled to maintain its dominant role in this form of ” cooperative hegemony“ when it saw its competitiveness declining and when Germany emerged as the economic hegemon at the same time (cf. Ibid. p.74f.).

Next to the economic imbalances between the two neighbors, the EU enlargements in 2004 and 2007 were another main reason fo the erosion of the Franco-German partnership. Thus, the adhesion of 12 countries - namely the Eastern European countries Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia, Romania and Bulgaria as well as the Mediterranean countries Malta and Cyprus - reduced the legitimacy of the tandem for ”the other Member States, especially the new ones that joined the EU in 2004 and 2007, are less willing than France's and Germany's old EU partners to subscribe to the idea that Franco-German leadership in the EU is a good thing per se. […] The idea of a special role and responsibility for France and Germany is by no means self-evident for them“ (Schild 2010, p.1375).

Germany itself, driven by its old principles of multilateralism, European integration and the avoidance of leadership as well as a growing domestic politicization, has always been and still is reluctant to take on a predominant role. In other words, the country ” realizes its responsibility for Europe yet is highly uncomfortable in the leadership spotlight“ (Fratzscher 2018, p.132). In academic literature, Germany is therefore often referred to as a ”reluctant hegemon“ (Bulmer/ Paterson 2019; Fratzscher 2018), that vacillates between ”supremacy and powerlessness“ *[Übermacht und Ohnmacht]* (Guérot 2015).

As Germany's role has changed, so has its legitimacy. Recalling that a country’s immaterial resources depend on the degree of trust that partners have in it and that can be gained by ”exemplary behavior in a rule-bound system“, Germany's legitimacy has declined over time.

The first setback was Germany's failure to comply with the Stability and Growth Pact, which strongly damaged its reputation for the country clearly followed national interests and not European ones and didn’t stick to the common rules of the EU (cf. Chapter 3.1.1.). Thus, its ”partners experienced painfully […] that leadership resources were used for quite egoistic, national purposes“ (Schild 2010, p.1375f.). Especially the suspension of the disciplinary procedures initiated by the European Commission under pressure from the EU finance ministers, which were led by Germany and France, had profound consequences for the credibility of the two countries as well as the Commission's authority. Hence, the former Deputy Finance Minister for Greece, Peter Doukas, states: “The view was that, ok, if the big boys won't adhere and impose discipline on themselves, they're going to be more relaxed in terms of the treaty. […] I mean, no-one can impose sanctions on Germany, which is a superpower by European standards“ (Little 2012, 17:34-18:01; 20:25-20:39). However, even if this was a first example of Schröder´s normalization approach, Germany's EU diplomacy was still based on cooperation at the time as we have seen above. Besides, although the eastern enlargement of the EU resulted in the Franco-German tandem losing its automatic claim to leadership, calls for German guidance nevertheless emerged due to its economic recovery thanks to the Agenda 2010 and its growing economic strength. Germany therefore still had a great deal of legitimacy within the EU.

The real turning point was the Eurozone crisis which paved the way for a changing German EU diplomacy. Thus, instead of integrating its partners and showing sensibility to them, Germany took divisive decisions which were perceived as ”dictates“ and egoistic for they only benefited Germany's economy. This new style of politics was also well visible in other unilateral actions such as during the migration crisis. In general, Germany's economic success was perceived to come at the expense of its neighbors, even more so because Germany's surplus was growing enormously in the aftermath of the crisis while nearly all other European economies were doing badly.

This alleged new German nationalism and German path of normalization caused mistrust and resentment among the member states of the EU. Thus, ”there has been a perception of German arrogance, raising question about the legitimacy of its leadership credentials“ (Bulmer/ Paterson 2019, p.73). So it can be said that while Germany's economic resources have increased over time, its immaterial ones have decreased.

3.2.2. Germany´s legitimacy and expertise in the environmental field

However, - as Guérot notes correctly - a leader’s immaterial resources always depend on the policy area as well (cf. Guérot 2015). As we have seen in Chapter 2, a country’s legitimacy and expertise can be assessed in the environmental field by measuring its environmental friendliness. In order to determine how ”green“ Germany is, its level of reduction regarding GHG emissions and energy consumption as well as the increase in the use of renewable energy will be taken into account. Here, it is essential to examine if the country met its climate targets itself and thus abides by the rules. Besides, its contribution to the technological progress in the environmental sector will be considered in this chapter. Another crucial aspect to determine a state's environmental friendliness, namely the relevant national policies and regulations, is discussed in more detail in the respective case studies.

Germany was able to reduce its emissions considerably over time until 2015 as Table 2 shows (cf. 3.1.2 Environmental resources). Hence, the country belonged to the top three countries with the highest GHG reductions even if other member states have performed better (cf. Vögele/ Ball 2019, p.244). Regarding the meeting of the targets, however, a more differentiated picture emerges. Hereby, a difference must be made between the overall European targets and the national objectives set by Germany, which are higher and belong to the most ambitious ones within the European Union. Thus, while the EU agreed in the Kyoto Protocol to reduce its GHG emissions by 8% until 2012 compared to the reference year 1990, Germany committed itself in the European effort sharing agreement to reduce its GHG emissions under the Kyoto Protocol not only by 8% but by 21%. Besides, in its conclusions of the Spring Summit on the 8th and 9th of March 2007, the Council decided on an overall European emissions reduction target of 20% until 2020 while Germany set its domestic target at 40% for the same target year (cf. 5. Case study 1: Milestones for the development of a common European climate and energy policy with emphasis on the setting of climate targets).

Whereas Germany met the Kyoto targets, the achievement of the 40% goal by 2020 was questionable in 2015. Hence, Germany met the 8% objective already by the end of 2007 and exceeded its self-imposed target by 1% in 2012 with an reduction of 22% even if this success was partly du to the so-called ”wall-fall“ profits, i.e. the break-down of the energy-intensive economy of Eastern Germany after the reunification (cf. Bundesregierung 2011). By 2015, the picture has changed. Thus, against the

background that the reduction of GHG emissions has stagnated between 2000 and 2015 as Table 2 shows, Germany has only reached 27,2% out of the planned 40% reduction by 2015 putting the achievement of the goal by 2020 in jeopardy[2] (cf. Hartmann 2016). This is also confirmed by the Federal Government in its first climate protection report *[Klimaschutzbericht]* published in 2015 that indicates that Germany will miss its 2020 target by 5 to 8% if no additional measures are taken (cf. BMU 2015, p.6). Hence, whereas the national climate protection program *[Nationales Klimaschutzprogramm]* launched in 2000 and the integrated energy and climate program from 2007 *[Integriertes Energie- und Klimaprogramm]* can be seen as ambitious and have even been praised by skeptics, the measures outlined in the consecutive climate policies including the energy concept 2010 *[Energiekonzept 2010]* and the climate action program for 2020 adopted in 2014 *[Klimaaktionsprogramm 2020]* were not sufficient to reach the set reduction goals (cf. Dehmer 2016).

With respect to renewables, it can be said that Germany's energy is becoming ”greener“ every year as Table 4 shows.

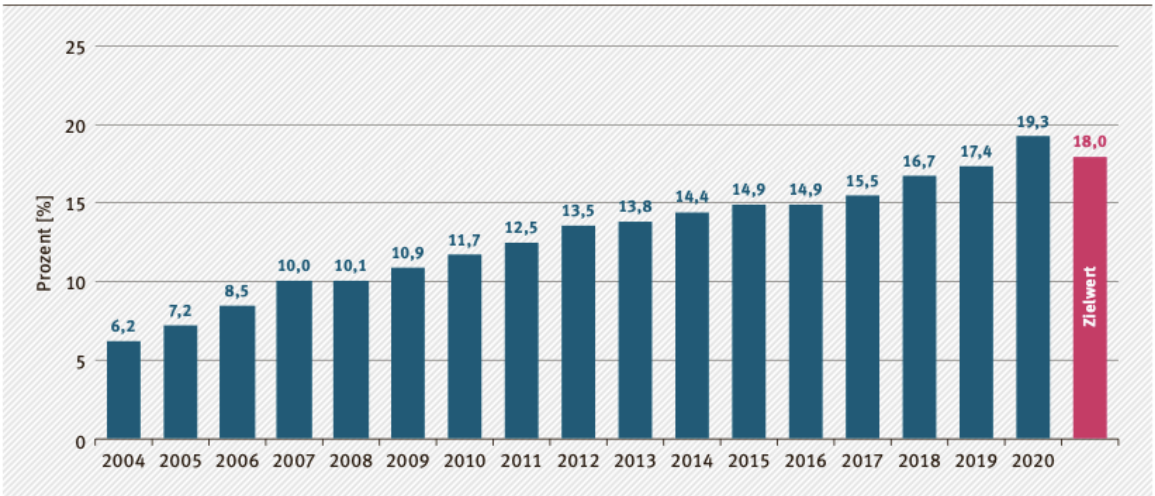

Table 4: Germany’s share of renewables in final energy consumption since 2004. Source: Umweltbundesamt 2021d), p.15.

The share of renewable energy in the final energy consumption - that is in the three main sectors electricity, heat and transport - has grown from 6,2% in 2004 to 14,9% in 2015. In the European context, though, the country ranks sixteenth in 2015 and can only to be found in midfield (cf. Eurostat 2020). However, the discrepancy regarding the availability and the costs of renewable energy sources between the European countries makes it difficult to draw any comparisons with respect to sustainable energy. If this point is taken into account, Germany has performed well in this area (cf. Vögele/ Ball 2019, p.244f.).

[2] However, it should be noted here again that the target was one of the most ambitious within the EU.

With respect to the targets in the field of renewables, Germany has already set a national objective in the 2004 revised version of the German Renewable Energy Source Act (EEG) and was thus one of the first European countries in defining a target for raising the share of renewables in the final energy consumption. Although it missed the planned 12,5% in 2010, it achieved it one year later (cf. BMWi 2020). The first European target has been agreed upon in the Spring Council conclusions in 2007, namely to set the overall European goal at 20% by 2020. In the respective effort sharing agreement, Germany committed itself to increase its share of renewable energy to 18% by 2020. However, it was still questionable in 2015 whether Germany would achieve its objective.

The biggest obstacle hereby has always been the transport sector. Hence, whereas Germany has been especially ambitious in the electricity sector and - by setting as well as meeting its strict national targets and by defining concrete measures in the German EEG - has thus managed to increase the power generation from renewable energies from 6,3% in 2000 to 31,5% in 2015, the development in the transport and heat sector are less impressive (cf. Umweltbundesamt 2021d), pp.7-13; BMWi 2020).

The picture is similar for the primary energy consumption that is an indicator for measuring energy efficiency.

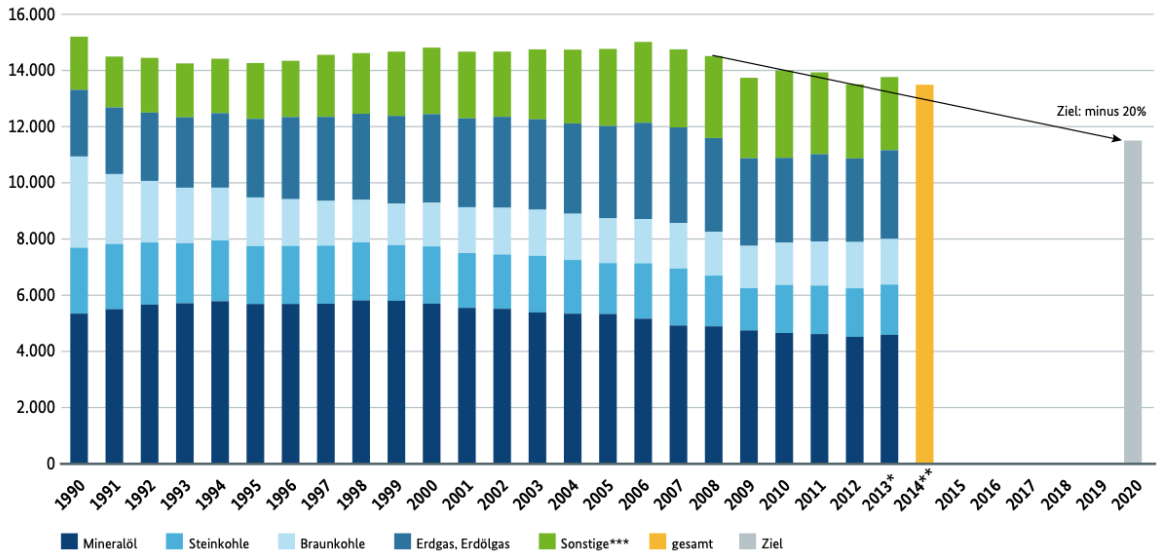

Table 5: Germany's primary energy consumption between 1990 and 2014 by energy source (in Petajoule). Source: BMWi 2014, p.9.

Regarding the reduction since 2000 as shown in Table 5, German energy consumption stagnated or even increased until 2007 and has only declined since 2008, partly thanks to the financial debt crisis. Thus, in 2015, Germany was still far from reaching both the overall European target of 20% reduction in energy consumption until 2020 compared to 2008 and its national objective in the amount of 20% until the same target year. However, Germany's domestic objective has been one of the strictest ones within in the EU and the country also compares favorably with other European countries being

among the leading big countries regarding energy consumption in the EU (cf. BMWi 2014, p.8; Vögele/ Ball 2019, p.245).

With respect to the country's contribution to the technological progress in the environmental field, the performance of the German Greentech industry is taken as the assessment basis. This sector provides environmental friendly products, processes and services to mitigate as well as adapt to climate change and encompasses different areas such as energy and material efficiency, sustainable mobility, circular economy, sustainable water management and sustainable agriculture (cf. BMU 2021, p.17).

On the international Greentech market, green technology made in Germany is in high demand. Thus, "in almost all regions of the world and for all environmental sectors, there is a high preference for environmental technologies from Germany" [*In nahezu allen Weltregionen und für alle Umweltbereiche gibt es eine hohe Präferenz für Umweltschutzgüter und -technologien aus Deutschland]* (Eckermann 2020, p.4). In 2016, German suppliers had a 14% share of the global Greentech market compared to a 3% share of global economy in general. However, despite rising growth forecasts for the German Greentech industry, Germany's current "outstanding market role" *[herausragende Marktrolle]* is in jeopardy (cf. BMU 2021, p.5; 76). Since 2007, Germany's share of the environmental technology market has already fallen by 2,8% from more than 16% in 2007 to around 13% in 2015 and competition from countries such as China continues to increase (cf. Eckermann 2020, p.9)[3]. The solar power sector in particular is under pressure and has experienced a major crisis in 2013, which led to the bankrupt of numerous German suppliers of photovoltaic systems and to a decline in jobs from 90.000 in 2012 to 32.000 in 2016 (cf. Grasselt 2016, p.187; 194). Even if other sectors such as the wind industry excel, "increasing activities in other countries in combination with economic problems in the German PV industry lead to serious doubts that Germany could keep the flag flying" (Vögele/ Ball 2019, p.247). The country's supremacy in this field is therefore under threat.

The German success in this niche market of the future is driven by the SME´s which can draw on technical know-how, a large portfolio of products and services as well as on great innovative strength. Hereby, the number of green patents applied for are one way of measuring innovation. Thus, with an average of 45 environment-related technology inventions per capita in 2015, Germany ranked 4th in the world among countries applying for green patents (cf. Schwab 2019, p.28). This leading role shows that "in the course of the energy transition, it has been possible to gear technical innovations in the energy sector more strongly towards climate protection and to significantly accelerate the pace of innovation" *[im Zuge der Energiewende ist es gelungen, die technischen Innovationen im Energiebereich stärker auf den Klimaschutz auszurichten und das Innovationstempo deutlich zu steigern]* (Eckermann 2020, p.4). However, it must be

[3] A comprehensive data collection did not start until 2007 with the first *GreenTech Atlas* of the German Environment Agency; the development before 2007 is therefore difficult to trace.

stated that after a strong increase in applications for green patents between 2007 and 2010, the amount has again fallen by half from that point onwards indicating that the German innovation power decreases (cf. Ibid, p.16). Eckermann sees German policymakers as being partly accountable for this development for she traces it back to the increasingly unambitious national policy in the environmental field. Hence, she states:

> ”German companies are so well positioned not least because they were faced with high environmental policy standards at an early stage. However, the competitive edge is closing […]. Germany is limiting itself to implementing common European requirements on a 1:1 basis. In some areas such as air pollution control or climate protection, policymakers even accept contractual penalties for failing to meet targets instead of providing incentives for the development of innovative solutions. This is not enough“ *[Deutsche Unternehmen sind nicht zuletzt deshalb so gut positioniert, weil sie schon früh mit hohen umweltpolitischen Standards konfrontiert waren. Der Vorsprung schrumpft jedoch […] Deutschland beschränkt sich […] darauf, gemeinsame europäische Vorgaben 1:1 umzusetzen. In einigen Bereichen, wie der Luftreinhaltung oder dem Klimaschutz, nimmt die Politik sogar Vertragsstrafen für das Nichterreichen von Zielen in Kauf, statt Anreize für die Entwicklung innovativer Lösungen zu setzen. Das reicht nicht aus]* (Ibid. p.18).

3.3. Institutional resources

Regarding Germany's institutional power resources in the European decision-making process, its voting and veto power in the European Council and the Council of the EU are especially important for the thesis at hand.

Germany as the most populous country in the EU has great institutional resources in those cases where a weighted decision rule is applied, i.e. where voting power is allocated in proportion to the population size. This is the case in the European Parliament and applies in the Council of the EU provided that decisions are taken by qualified majority. Even if the way in which the votes are apportioned in the EU Council favor the smaller states for they are allocated in a degressive manner and not purely according to the population-weight proportionality principle, the larger states such as Germany benefit nevertheless from the weighting system for it follows ”the basic principle of equality among member states, while still giving the larger ones a predominant say“ (Bunse/ Nicolaidis 2012, p.264).

In the Council of Ministers, however, there are two other voting options: unanimity and simply majority. When these two votes are employed, the principle ”one state, one vote“ applies regardless of a country’s structural power. Thus, Germany doesn’t have an advantage here if only the distribution of votes is considered. In the cases of unanimity, though, Germany - along with all other states - has a national veto, i.e. it can block a decision by voting no. Thus, Germany has less voting power but more blocking power than when the qualified majority vote system is adopted (cf. Tallberg 2008, p.694; Felsenthal/ Machover 2004, p.588). The latter also applies to the European Council where decisions are mainly taken unanimously.

However, even though Germany has always had many institutional resources thanks to its population size, its voting power has changed in the last 20 years due to the Eastern enlargements in 2004 and 2007 as well as due to the two reforms of the voting procedure in the Council of Ministers established by the Treaty of Nice in 2004 and the Lisbon Treaty in 2014.

Thus, the adhesion of 12 new countries not only diminished the immaterial resources of the German-French tandem as we have seen further above, but also reduced Germany's institutional resources. To be concrete, Germany had 10 out of 87 weighted votes in the Council of Ministers, i.e. 11,5% of the total votes, and represented around 23% of the total population in the European Union in the EU-15. After the enlargement, the country only holds 8,4% of the total votes and accounts for 18,54% of the population size (cf. Schild 2010, p.1374). Hence, Germany had a lot of power in the EU 15 thanks to the distribution of votes and thanks to the design of the QMV that was purely based on the weighting system without needing a minimum number of states to pass a bill. This changed with the Treaty of Nice that set new ground rules for the voting procedures for it not only envisaged the re-allocation of the weighted votes but also introduced the triple majority, that states that a proposal had to win 260 out of 345 votes along with the support of 55% of the Member states (i.e.15 states) that must account for 65% of the total EU population (i.e. 300 million).

With the Lisbon Treaty in 2014, the voting procedure changed again by making the number of weighted votes redundant and by allowing decisions only on the basis of the so called double-majority, i.e. 55% of the member states representing 65% of the total EU population. Hence, even if Germany still has considerable voting power for the larger states still have an advantage due to their population size, it needs more allies now to reach the threshold in order to implement decisions taken by QMV. The same applies to decisions taken unanimously as well. Hence, with the enlargements and the increasing number of states entitled to vote and to veto, the vote and position of a single country formally carries less weight. Ultimately, a state must be more willing to compromise in order to obtain unanimity and has more difficulties uploading its interests as more different positions and interests have to be reconciled (cf. Felsenthal/ Machover 2004, p.589-591).

3.4. Interim conclusion

In conclusion, it can be said that Germany definitely is a heavyweight within the EU in general and in the field of climate policy in particular. Hence, the country can be, first of all, called a hegemon with respect to its economic resources. Regarding the main indicators population size, territory, GDP, export rates, competitiveness, growth rates and government gross debt, the country is thus leading within the EU. Its economic model is hereby based on exports and mainly thrives on the strong national industry

with the SME´s as well as the country's innovation strength and its high-educated labour force as backbone. However, although Germany always had considerably economic resources, Germany was known as Europe's sick man before 2005. Only the Agenda 2002 and the country's ability to cut its budget deficit after 2005 mark a turning point here. Hence, they helped Germany to return to a self-sustaining economic growth, thus improving Germany's economical resources and the attractiveness of its socio-economic model, which, in turn, give the country considerable leadership resources in the EU.

Nevertheless, while the country's economic resources have increased over time, its immaterial ones have decreased. Thus, even if the German socio-economic model is successful, it was increasingly considered to come at the expense of the competitiveness and growth rates of the other European member states raising concerns about a new German nationalism based on exports. Besides, changes in the country's EU diplomacy resulting in a shift away from its traditional consensus-oriented approach towards a "normalization", i.e. a stronger pursuit of national interests, fueled the fears of a renewed German striving for power. Especially the divisive decisions that the country took in the European debt crisis 2009 diminished the country's immaterial resources. In addition, Germany's legitimacy was further reduced by the Eastern enlargement for the new member states question the country's leadership role and no longer see it as God-given. However, there were also calls for more German leadership at the same time due to the changing EU context.

Also in terms of institutional resources, the Eastern enlargement together with the two reforms of the qualified majority vote brought by the Treaties of Lisbon and Nice have reduced Germany's influence. Thus, even if the country's voting power regarding votes conducted under the QMV is still high due to its population size, it needs more allies now to impose its interests for it represents a smaller share of the total EU population and must meet the additional 55% requirement. The same applies to decisions taken unanimously as a compromise has to be found between 28 and no longer 15 countries. However, the right of veto that each nation has with respect to votes by unanimity still gives Germany considerable power.

Despite Germany's changing role and its reduced immaterial and institutional resources, there is nevertheless consensus among scholars that the country still can be called an hegemon in the EU in general. Only isolated voices like Hans Kundnani believe that Germany doesn't have sufficient resources and is therefore only a "semi-hegemon" (cf. Kundnani 2014, p.6; Bulmer/ Paterson 2019, p.69).

Since the power of a state can very from policy field to policy field, the environmental sector was also examined more specifically. And here as well, it can be concluded that the country has considerable influence thanks to its large environmental resources. Hence, having always ranked between 7th and 13th place regarding the biggest emitters of greenhouse gas emissions from 2000 to 2015, Germany is one of the major

contributors to climate change within the EU. And the country can build on immateriell resources as well because it can be considered environmentally friendly to a certain degree. Thus, regarding emission reduction, renewables and energy efficiency, it not only aims for ambitious national targets that are among the toughest in the European Union but it also adhered to the first set of goals, namely increasing the share of renewable energy by 12,5% in 2010 and reducing GHG emission by 21% until 2012. This success is also due to ambitious national policies defining concrete measures to implement these goals. However, whereas the country was therefore definitely more than just a symbolic leader until 2010, the country's ambition is noticeably diminishing since then. Hence, the climate report of the German federal government itself indicated in 2015 that the measures in force were not sufficient and that it was rather unlikely that Germany would achieve its goals for the target year 2020. The same development can be observed with respect to the sector for green technologies. Hence, thanks to the SME´s and its innovative strength, Germany occupies a leading position regarding Greentech. But its supremacy is in danger and the country has already lost market share on account of declining innovation, weakened environmental domestic standards, competitive pressure from other countries and domestic problems in the German PV industry.

4. The institutional setting: The European policy-making process upon climate change

The European politics of climate change is a cross-cutting issue and affects different policy areas in the EU. Hereby, energy policy as well as climate policy, which - next to the traditional subdomains such as air, waste, soil or biodiversity - is part of the environmental policy of the EU, are especially important for the case studies treated in this thesis. In the following, the EU policy cycle in these areas is analyzed in order to be able to assess the institutional opportunities and constraints for German leadership and to ultimately determine Germany's power in the European policy making process upon climate change from an institutionalist point of view. Recalling that the constraints and opportunities mainly depend on the level of institutional formalization, the power of the supranational bodies as well as the procedures within the Councils (cf. Chapter 2), the focus will be hereby set on these three aspects.

4.1. The policy cycle in the EU

In both energy and climate policy, decision making is primarily regulated by the ordinary legislative procedure (OLP), which was formally known as the co-decision procedure. The Lisbon Treaty re-named it and established it as the basic legislative procedure but

didn’t change its basic mode of operation, which is as follows (cf. Fischer 2017, p.76; Church/ Phinnemore 2016, p.41):

The Commission submits a proposal to the European Parlament (EP) and the Council of Ministers. Within the Commission, legislations on climate or energy are hereby developed by two resorts, either by the Directorate-General for Energy or the Directorate-General for Climate Action. In a first reading, the EP with the ENVI and the ITRE Committee as main actors studies the proposal and possibly amends it. The Council in its respective formation - in the area of energy and climate policy, primarily the Environment Council or the Transport, Telecommunications and Energy Council are responsible - can approve the Parliament's wording by qualified majority, thus adopting the proposal. Alternatively, it can also adopt its own position and pass it back to the EP. After the Commission issued its opinion on the Council’s wording, the EP either adopts the text in a second reading by approving the Council’s position. Or it rejects or amends it. In the former case, the proposal fails and in the latter, the amended proposal is sent back to the Commission, who states its opinion once more, and then passed on to the Council. If the Council approves the text - it must decide by qualified majority if the Commission approved the amendments made by the EP and by unanimity in the case that the Commission rejected them - the legislation is adopted and if not, a Conciliation Committee is invoked in order to reach an agreement. However, this third step ist mostly avoided for it can take up to two years. Thus, in order to make policy-making more efficient, the EU opted to adopt legislations in the first two readings. Such early agreements are the rule nowadays in the EU, also with respect to environmental and energy policy (cf. Delreux 2016, p.100-103; McCormick 2020, p.190).

The only exceptions that are not covered by the ordinary legislative procedure are measures ”significantly affecting a Member State's choice between different energy sources and the general structure of its energy supply“ or concerning taxation, land use and the management for water resources (Art. 192 TFEU). According to Article 192 TFEU, decisions in these areas are subject to the consultation procedure. This means that the EP is only consulted and doesn’t have the right to propose amendments and that the Council decides unanimously and not by qualified majority.

In both cases, the last step of the EU policy cycle - implementation - falls mainly under the responsibility of the national states and the European Commission. Although the Commission - together with the Court of Justice as the judicial branch - is responsible for overseeing the proper implementation, the national states do have leeway hereby and certainly fail to fully implement EU legislation. The amount of leeway that the member states possess depends on the form of legislation as well as on the degree of centralization and harmonization of the policy fields. Thus, in the field of renewable energies and the EU Emissions Trading System, the Commission, for example, certainly has a say regarding national implementation for it must approve the respective national plans as we will see in Chapter 6 and 7 (cf. Brianson/ Drachenberg 2016, p.209f.).

4.2. Possibilities for the member states to influence decision-making

Examining the policy-making process, it can be stated that it is harder for a state to impose its national interests when the OLP is applied. Thus, the power of the Council of Ministers as ”the voice of EU member governments“ (European Union, n.d.) is limited and well balanced by the other European institutions[4]. Hence, the Commission as the representative of the common European interests has the exclusive right of initiative and is therefore the main agenda-setter. Besides, the EP and the Council of the EU act as co-legislators. Hereby, the supranational EP, which ought to represent the European people’s interests, is supposed to counterbalance the Council for the ministers are primarily driven by national interests. However, most scholars believe that the Council continues to be more powerful than the EP.

Besides, there are loopholes in practice that make it easier for states to assert their interests. Thus, the trend towards early agreements is made possible ”by complementing the formal policy-making procedure with informal practices that allow for direct negotiations between the EP and the Council“ (Delreux 2016, p.104). These informal negotiations take place in the so-called trilogues, where a deal is pre-cooked between representatives of the EP, the Council and the Commission before it is formally adopted in the respective European institution. This more secretive environmental policy making is to be said to favor the Council and thus the national states.

Furthermore, the agenda setting power of the Commission is not as exclusive as it seems in theory. Thus, individual member states, interest groups, the EP or the European people can pressurize the Commission to initiate legislation. All relevant stakeholders including the national states can also draw on the possibility to take part in the consultation procedure that the Commission conducts before presenting its draft proposal. Being aware of the fact that it needs a majority in the respective EU institutions in order to get the proposal adopted, the Commission incorporates the position papers into its draft (cf. Delreux 2016, p.64).

And most importantly, the European Council has a crucial role in agenda setting as well, especially concerning the overall strategy of the EU. Hence, a distinction must be made between two types of EU decisions, ”those of history-making proportions, and those of daily law-making“ (Brianson/ Drachenberg 2016, p.199). In the former, the European Council has strong powers for it is responsible for laying down the general strategic guidelines for European policies. Officially, the founding treaty states in Article 15 TEU: ” The European Council shall provide the Union with the necessary impetus for its development and shall define the general political directions and priorities therefore“ (Art.15 TEU). Thus, even if the Council has no legislative functions according to the TEU it can nevertheless be seen as a ”*de facto* agenda-setter“ for its decisions

[4] The domestic preferences advocated by the commissioners and Members of Parliament are hereby neglected.

regarding the overall strategy of the EU are politically binding and serve as a basis for the legislative proposals of the Commission.

Besides, a development towards a ”new-intergouvernmentalism“ can be identified within the EU for the Council has a growing legislative role (cf. Bulmer/ Paterson 2019, p.57). Hence, it more and more becomes the ”level for ultimate decision-making“, i.e. it takes over negotiations and decides on topics on which the Council of Ministers failed to broke a deal, either because the issues were too politically charged such as the budget or the European goals to curb climate change or because they were cross-sectorial in nature. The latter occurs frequently in climate and energy policy for these areas overlap in many topics and include many cross-binding issues (cf. Delreux 2016, p.89f.; Fischer 2017, p.82).

The Lisbon Treaty in particular has once again strengthened the European Council for it was ”formalized as an ‚institution‘ meeting every three months, and with a new role in external relations and overall strategy, which points to the continuing influence of member states“ (Church/ Phinnemore 2016, p.41). Hence, the national states do have strong opportunities of influence via the European Council, which has a purely intergovernmental logic by gathering the head of states and governments and which serves as the platform *par excellence* to represent domestic interests. The leaders meet at the high-profile European Council summits four times a year for no more than two days with the option to schedule extraordinary meetings if necessary. Hereby, the leaders of state try to keep it as informal as possible by meeting in closed sessions, that are ”less formalized and much less governed by detailed rules of procedure than those applied in the Council [of the EU]“ (Schild 2010, p.1378).

During these sessions, they broker the famous package deals in order to comply with the European principle of taking decisions based on consensus. A method, that can be described as ”a means of making decisions by which discussions take place until all members of a group are in general agreement on a proposal or - at least - that no member of the group is sufficiently opposed as to block or veto the proposal“ (McCormick 2020, p.213). Despite the consensus-seeking, which implies that all member states have to be appeased, Germany benefits from these more informal negotiations for it can make use of its structural resources and its strong position within the EU. Thus, the country can convince its neighboring states and can form the necessary winning or blocking coalitions more easily through ”concessions (package deals or side payments) or through threats, such as the disruption of further cooperation, stopping support on other issues, or reducing side payments. Hence, the higher the bargaining power of a state […] the more likely it is that this state will shape the content of European policy“ (Börzel/ Panke 2016, p.117).

This is encouraged by a general ”trend towards a more informal ‚pre-cooking‘ of decisions outside formal (European) Council meetings“, which ”clearly favors the large Member States“ and by the emergence of the EU Council as the manager of crises

(Schild 2010, p.1379). Whereas the former is a consequence of the enlargement in order to facilitate the policy-making process, the latter has emerged especially since the Eurozone crisis and - together with its growing legislative competences - gives the European Council a new leadership role. Hence, it more and more becomes ”a new centre of political gravity“ taking guideline decisions, coordinating policies and responding to crises (cf. Lewis 2016, p.139).

Even if these bargaining processes and the trend towards a more informal pre-cooking also exist in the Council of Ministers, a more ”institutionalized and less intergovernmental policy-making style“ prevails here (Delreux 2016, p.85). Thus, most of the negotiations already take place during the preparatory process and are conducted by the Committee of Permanent Representatives (Coreper I) as well as the working parties on Energy and on the Environment leaving only the most controversial issues to the ministers themselves. As the national representatives sitting in these committees are driven by an ”esprit de corps“ and pressured to find an agreement that the Council of Ministers can rubber-stamp, the enforcement of national interests is less in the spotlight here (cf. Ibid. p.97).

Hereby, the Council presidency is an exception for it allows a member state to upload its domestic preferences more easily. It can be therefore seen as an institutional opportunity. The presidency is held by the government of one of the European member states and rotates every six months between them in a pre-agreed order. While the system applied to both Councils until 2009, it changed with the Lisbon Treaty. Thus, whereas the Council of the EU still follows the logic of rotation and every one of its meetings - except for those regarding the Foreign Affairs Council - is chaired by the respective minister from the member state holding the presidency, the head of the European Council consists since 2009 of a single person. Besides, the Lisbon Treaty introduced the so called Trio system that requires a close cooperation between the country holding the presidency, its predecessor and its successor to ensure policy consistency (cf. McCormick 2020, pp.181-183). These reforms came to the detriment of the national states as they lost an opportunity to assert their national interests (cf. Bunse 2009, p.28).

The Council’s president is responsible for 1) preparing and coordinating the meetings of the Council, 2) chairing those meetings and representing the Council vis-à-vis the other EU institutions as well as 3) mediating between and bargaining with the member states in order to reach consensus. In short, he is ”granted the responsibility to manage the agenda, broker agreements and represent the decision vis-à-vis third parties“ (Tallberg 2008, p.696). The latter also includes the participation of the president as the main representative of the Council in the trilogues. Although this task increases the president’s opportunity to impose national interests, it must be noted that his possibilities to do so are limited for the negotiators already face the challenge to broker

an inter-institutional deal as quickly as possible while maintaining the support of their respective institution (cf. Delreux 2016, p.105).

And also the president's procedural powers are limited to a certain extent as he is bound to the principle of neutrality. However, this constraint is offset by his ability to informally exploit them as well as by its information advantages. For example, he can prioritize issues and exclude others, hinder the progression of items with respect to the agenda setting, allocate the right to speak and the time of discussion according to its preferences or organize informal meetings for his preferred themes in order to advance them. Besides, its information advantages, which are gained by the "tours the capitals", confessionals and questionnaires, allow the chair to anticipate the reaction of others, to steer the discussions accordingly and design compromises that are as close as possible to its domestic interests (cf. Bunse 2009, pp.48-55; Tallberg 2008, p.696). Thus, the chairs "benefit from privileged access to a set of power resources" giving them the possibility to shape policy outcomes in line with their national interests (Tallberg 2008, p.696). Simone Bunse comes to the same conclusion stating that "the government who holds the Council presidency has a unique comparative advantage to move certain issues and solutions into the dominant position by increasing an issues´ visibility, the intensity with which it is debated, and by exploiting its procedural powers and information advantages". It therefore acts as an "policy entrepreneur" and can influence the direction of the European Union (Bunse 2009, p.210).

4.3. Voting procedures

With respect to the voting procedures within the Councils, one must make a difference between the qualified majority vote and votes taken by unanimity. The former is the common practice in the Environment Council or the Transport, Telecommunications and Energy Council for it is used for all topics which are subject to the OLP. Unanimity, on the other hand, is applied in the Council of Ministers with respect to the most important decisions or the areas which are subject to the consultation procedure. It is also used in the second reading of the OLP in the event that the Commission rejected the amendments and constitutes the main decision rule in the European Council (cf. Pavy 2021; McCormick 2020, p.188f.).

Comparing these two voting procedures in terms of their benefits for Germany, it can be stated that "majority voting in the Council seems to be a [more] favorable institutional device for large member States´ influence. Their superior demographic weight translates into a greater potential for influence thanks to their weighted votes, providing them with an advantage in institutional power resources" (Schild 2010, p.1378). Thus, in contrast to the vote by unanimity which gives all states an equal say regardless of their population size, the QMV better reflects Germany's leading role in structural resources thanks to its principle of proportional representation as we have already seen in Chapter

3. This also remains true after the Lisbon Treaty made the number of weighted votes redundant and introduced the double-majority. Concerning the veto power, though, a different picture emerges. Thus, it is greater when the vote by unanimity is applied because a single country has the possibility to block a decision. In both cases, though, the bargaining processes beforehand must be taken into account. Hence, unanimity is mostly applied in the European Council where Germany benefits from the intergovernmental setting and the informal negotiations. In contrast, the QMV rule is mainly used in the OLP procedure, which is more formalized and where the power of the Council is balanced by the supranational institutions.

4.4. Interim conclusion

In conclusion, it can be stated that the European policy-making is complex and that it is ultimately difficult to determine how great the possibility of influence for a member state really is. What can be observed, though, is that the institutional setting of the EU certainly offers opportunities for Germany to upload its national interests to the European level. Hereby, Germany always has advantages in the case where the platform *par excellence* to represent domestic interests, i.e. the European Council, is involved. Hence, a difference must be drawn between day-to-day policy-making and ” history-making“, the latter being the responsibility of the European Council.

Starting with day-to-day policy-making, it can noted that the vast majority of topics in energy and climate policy with the exception of decisions affecting the member states´ energy mix or concerning taxation are covered by the ordinary legislative procedure. The decision-making process in the OLP is more formalized and has a clearly supranational character by giving the supranational institutions greater influence. Hence, the power of the Council of Ministers is balanced by the Commission's exclusive right of initiative and the Parliament's role as co-legislator. Besides, the bargaining process displays a more institutionalized character. This also applies to the Council of Ministers where negotiations take place mainly in the more compromise-oriented Coreper and the working groups. Thus, the institutional constraints for a national state to upload its interests are higher.

Nevertheless, Germany can formally exert influence on the decision-making process by bringing its considerable structural resources and its important position within the EU in the Council of Ministers to bear. Here, Germany benefits from the QMV as the main voting procedure in the Community method for it takes its large population size into consideration and gives the country significant voting power. Besides, the country gains from the trend towards more informality that can be identified in the OLP and has the possibility to exert influence on the agenda setting by pressuring the Commission to initiate legislation or by presenting a position paper during the Commission's consultation phase.

In addition, in cases where no agreement could be reached in the Council of Ministers as well as regarding cross-cutting issues or highly politicized topics, decisions are transferred to the European Council, that thus acts as a decision-maker of last resort. As the institution is also responsible for the management of crises, as it takes over the setting of overall guidelines and as it is therefore a ”de-facto agenda setter“, it can be stated that the Council is in charge of ”history-making“ in the EU. Hereby, national states in general and especially those with greater structural resources such as Germany benefit from the fact that the bargaining processes within the European Council provide more room for informality. Decisions are for example pre-cooked and negotiations in order to conclude the famous package deals take place behind closed doors. Thus, even if the unanimity vote applies and decisions are taken based on consensus, which implies that all member states must be conciliated, the bargaining processes in the European Council are more informal than in the Council of Ministers and larger countries such as Germany can therefore bring their leading position within the EU and their structural resources to bear. And not to forget, Germany, like all other member states, has a national veto that considerably increases its power.

A special emphasis must also be placed on the Council presidency which constitutes a significant institutional opportunity for the state currently holding the office. Hence, given the procedural powers regarding agenda setting and the brokering of deals as well as the information advantages, the presidency offers the possibility to upload domestic interests more easily. Besides, it should be mentioned that national states have great leeway regarding the implementation of EU policies. However, their power here depends on the degree of centralization and harmonization in the respective policy field.

5. Case study 1: Milestones for the development of a common European climate and energy policy with emphasis on the setting of climate targets

The first climate targets which were binding for all member states of the EU-15 were introduced under the Kyoto Protocol in 1997 (cf. Börner 2007, p.11f.). This milestone agreement marked the emergence of climate policy as an independent European policy area for good. Thus, while the EU now had GHG reductions goals, it did not have any European-wide measures in place how to reach those targets. Therefore, the focus in the next few years was set on the development of an effective common climate policy with concrete directives and implementation measures in different fields. The same can be said for energy policy. It picked up speed in the first half of the 2000s but was seen as part of the Lisbon strategy for growth and employment and only emerged as a separated field in 2006 (cf. Fischer 2017, p.103; Boasson/ Wettestad 2013, p.37; 40).

The beginning for the development of European-wide directives marked the European Climate Change program, a multi-stakeholder consultation process that resulted in

several proposals for concrete measures as well as the establishment of the European Emissions Trading System EU ETS (cf. Chapter 6). However, those were only ” piecemeal policies“ and there was no coordinated strategy (cf. Boasson/ Wettestad 2013). It was not until the European Council summit in spring 2007 that an overall and integrated strategy in both fields was developed as we will see in the first part of this chapter. Hereby, the European Council conclusions define the overall guidelines and set the targets. The concrete measures in order to implement the strategy were developed in a later stage within the framework of the energy and climate package in 2008. This package includes various legislations in different fields such as the revised EU ETS directive or the renewable directive and will be therefore discussed in the respective case studies.

The second milestone, that will be analyzed in the second part of this chapter, is the 2030 climate and energy framework which was adopted by the European Council in 2014. And once again, the framework only entailed new climate targets for 2030 as well as revised guidelines for the overall climate strategy of the EU and for the revision of the respective EU policies. The adjustment of the directives happened in 2018 within the framework of the “Clean Energy for all Europeans package“. This package, though, will not be discussed in this thesis.

5.1. An integrated climate and energy policy for the EU (2007)

The conclusions of the Spring Council on the 8th and 9th of March 2007 can be considered as the first milestone on the way to developing a common European energy and climate policy. Thanks to the conclusions, ”the EU moved to a new level of climate policymaking“ (Boasson/ Wettestad 2013, p.50). Hence, the summit conclusions constitute landmark decisions which set the direction and the overall strategy of the EU in climate and energy policy. And although they don’t have any legislative character, they are considered as the reference point for the legislations which were adopted in the years that followed (cf. Fischer 2017, p.101). Besides, the Council’s central achievements were not only to combine climate change and energy policy in an integrated approach but also to place climate policy unusually high on the agenda and to adopt ambitious, binding and clearly defined quantitative targets in several areas (cf. Ibid. p.134).

Specifically, the summit conclusions highlight under the point ”an integrated climate and energy policy“ ”the vital importance of achieving the strategic objective of limiting the global average temperature increase to not more than 2°C above pre-industrial levels“. In order to do justice to ”the leading role of the EU in international climate protection“, it ” makes a firm independent commitment to achieve at least a 20% reduction of greenhouse gas emissions by 2020 compared to 1990“ and even to increase the target to 30% on the condition that international partners also commit to it. Hereby, the

member states identify in the attached European Council Action Plan ”An energy policy for Europe“ the greatest need for action in the areas energy efficiency and renewable energies and commit to a binding reduction of 20% by 2020 regarding the latter and at least a declarative, even if not mandatory reduction of 20% with respect to the former field (Council of the European Union 2007, p.10; 12; 20f.). The focus of this chapter will be set on the negotiation of those so-called 20-20-20 goals, i.e. 20% increase both in energy efficiency as well as regarding the share of renewables and 20% reduction of GHG emissions by 2020, even if the Spring Summit covered more issues such as energy security or the completion of the European internal market in the electricity and gas sector.

Due to prior developments such as the EU summit in Hampton Court in 2005, where the member states decided to increase activity in climate and energy policy, or the presentation of the Commission's Green Book in March 2006 on those topics, it was already foreseeable that both policy fields would gain in importance in 2007. However, it is only thanks to Germany, that held the Council’s presidency in the first half of 2007, that they not only ranked high on the agenda but dominated it. Hence, Germany decided to choose energy and climate policy and not other issues such as the free trade agreement with the USA as the focus of its presidency and thus ensured that climate policy was the main topic at a EU summit for the first time in European history (cf. Dröge/ Geden 2008, p.44). Even though the German working program for the entire period of the presidency still mentioned climate and energy only as part of the Lisbon strategy for growth and employment (cf. Bundesregierung 2006, p.6), Merkel stressed in her speech presenting the goals and themes for the summit before the German Bundesrat in February 2007:

> ”This year, in addition to reports on the progress of the Lisbon process, the focus will be set on two topics: energy and climate policy on the one hand, and better regulation of the other“ *[In diesem Jahr werden neben den Berichten über den Fortgang des Lissabon-Prozesses zwei Themen im Mittelpunkt stehen: zum einen die Energie- und Klimapolitik, zum anderen das Thema bessere Rechtsetzung*] (Bundesregierung 2007).

And not only did Merkel use the agenda-setting power of the Council President but she also took an ambitious position, which she wanted to enforce during the German Presidency, in order to boost climate protection in the EU. Hereby, Germany adopted and supported large parts of the Commission's proposal on an integrated energy and climate policy instead of formulating its own strategy (cf. Dröge/ Geden 2008, p.45). Thus, the Commission identifies in its program ”An Energy policy for Europe“, which was presented in January 2007 and served as a basis for the action plan adopted in the Council’s conclusions, the internal energy market, a secure energy supply and a foreign energy policy as priorities. Besides, it advocates for greater commitment regarding the reduction of greenhouse gas emissions with the European emissions trading system as central instrument, an increase in energy efficiency especially regarding the transport

and building sector as well as an expansion of renewables - including nuclear energy - and of biofuels (cf. European Commission 2007).

Those proposals by the Commission have already been developed with the approval and support of Germany and determined the country's position. Hereby, taking over the Commission's well and long-prepared program and cooperating with the European institution in general was an important advantage for Germany during the negotiations for it could draw on its broad expertise and detailed knowledge. Hence, the "quality and scope of the Commission's input" strengthened the country's bargaining position towards the other member states (cf. Ludlow 2007, p.3; 9). There were only disagreements regarding the mentioning of nuclear energy as important part of renewable energy - a topic, that would also become an important point of contention during the negotiations - and regarding the centralization of the European internal energy market. Thus, due to domestic interests, Germany advocated for maintaining the status quo instead of new regulations for a stronger centralization.

Besides, with respect to the 20-20-20 goals and their mandatory character, which stood at the heart of the Commission´s and the German strategy, Germany originally advocated for an unconditional reduction of GHG emissions of 30% by 2020. This objective was already laid down in the coalition agreement between the German parties SPD and CDU/CSU in 2006. However, as there was no majority among the member states for such an ambitious goal and as Germany did not want to jeopardize the main goal of every Council President, namely to reach a consensus at the summit, it made concessions and took over the position of the Commission, that advocated for a binding 20% target and a conditioned 30% objective (cf. Fischer 2017, p.121f.). Thus, Merkel stated at her speech before the German Bundesrat:

> "It is proper that the Commission sets ambitious goals in climate protection. According to the Commission's proposal, we want to enter international negotiations with the offer to reduce CO_2 emissions in Europe by 30 percent for the period after the Kyoto Protocol, i.e. after 2012, by 20 percent in any case and by 30 percent if other major emitters worldwide join this target" *[Richtig ist, dass die Kommission ambitionierte Ziele im Klimaschutz setzt. Wir wollen – so der Vorschlag der Kommission – mit dem Angebot in die internationalen Verhandlungen gehen, für die Zeit nach dem Kyoto-Protokoll, also nach 2012, die CO_2-Emissionen in Europa um 30 Prozent zu senken – um 20 Prozent auf jeden Fall und um 30 Prozent, wenn sich andere große Emittenten weltweit diesem Ziel anschließen]* (Bundesregierung 2007).

And after explicitly thanking the Commission for its preparatory work and its ambitious proposals, Merkel highlights the importance of binding targets in the fields of renewables and energy efficiency by promising in a similar speech before the European Parliament:

> "We will put the topic of energy efficiency on the agenda and we will talk about renewable energies. The German Council Presidency pleads for the adoption of quantified figures and reduction proposals that do not remain non-binding. No member state can sidestep it. I would like to make this very clear" *[Wir werden das Thema Energieeffizienz auf die Tagesordnung setzen und wir werden über erneuerbare Energien sprechen. Die deutsche*

> *Ratspräsidentschaft plädiert dafür, auch wirklich Zahlen und Reduktionsansätze zu verabschieden, die nicht im Unverbindlichen bleiben. Kein Mitgliedstaat kann sich davor drücken. Auch dies sage ich ausgesprochen deutlich]* (Merkel 2007).

Very high goals, indeed, and no easy task to enforce. So how did Germany do it? In order to reach an agreement on those topics and guarantee a successful summit, decisive steps have already been taken in the run-up of the Council meeting. Thus, as usual, the summit's conclusions have already been prepared during meetings of the respective Councils of Ministers - namely of the Transport and Energy Council on the 15th of February and of the Environmental Council on the 20th of February - and in their respective Corepers leaving only the most controversial questions to be decided by the heads of states and government at the summit. Already in this preparatory phase, Germany proceeded in a very coordinated and goal-oriented manner. Peter Ludlow, for instance, notes in his evaluation of the Spring Summit in 2007:

> ”This Presidency knew not only what it wanted to do, but also how to do it. In some respects, this has involved a return to basics. The Presidency's cooperation with the Council Secretariat, as well as the Commission, has thus been exemplary, as it too has its work in and with Coreper I and the sectoral Councils“. Hereby however, „the principal focus of the Presidency’s pre-Council diplomacy was not […] on the multilateral machinery in Brussels, but on a complex dialogue between capitals involving the heads of state and government and their staffs, and the president of the Commission and his aides“ (Ludlow 2007, p.2).

Hence, it can be stated that Germany already used its institutional advantages gained by the Council presidency in the preparatory phase of the summit and acted as a policy entrepreneur. This includes the setting of the agenda for the Council as we have seen further above, the right to conduct bilateral pre-negotiations such as the confessionals with the heads of state and government in order to gather information and to broker agreements, and the task of engaging with the other European institutions such as the Commission.

Especially with the latter, Germany worked exceptionally closely together and built an effective coalition in order to enforce the 20-20-20 goals. Not only endorsed the country the Commission's position in the beginning, as we have seen above. But also during the following negotiations, Angela Merkel and José Manuel Barroso always adopted a Presidency-Commission line. Besides, they decided to ”cooperate to the maximum“ in order to find a common strategy to convince the skeptics and to gather information about the member state's position via the bilateral pre-negotiations. These ”dialogues with the capitals“ as Ludlow calls them as well took place face-to-face or on the telephone but always out of the public eye (cf. Ludlow 2007, p.9; 13).

This was particularly important for the most controversial issue during the summit, namely the 20% objective for an increase of renewables in energy consumption. Thus, even if ”there was a remarkable degree of consensus within the sectoral Councils concerned“, that can be explained by the coordinated approach of the German officials in charge as well as the fact that the Commission has presented its proposal in advance

and has prepared it well, a compromise couldn't be found with respect to the renewables targets. Hence, whereas the 20% objective for GHG emissions reduction could be soon enforced against the slight opposition of the CEE countries in the Environmental Council and whereas the declarative 20% goal for energy efficiency was also quickly included in the draft conclusions in the Energy Council, the German ministers Michael Glos and Sigmar Gabriel weren't successful in enforcing the binding character with respect to the renewables target. Opposition to it was numerous and based on various reasons, which is why each country had to be dealt with individually (cf. Ibid. p.9).

Hence, during their meeting on the 7th of March to review the draft conclusions and to formulate them in such a way that they would get adopted at the summit, Merkel and Barroso decided to make a final effort to convince the main skeptics, the Visegrad Group and France. Previously, Merkel had already been able to win over Tony Blair, who had high environmental ambitions at the time and didn't want to jeopardize the overall result of the German Presidency in the area of climate protection, in one of many dialogues with the capitals (cf. Ibid. p.15). However, even if that was a great success for it changed the position of several other member states and for the number of opponents could thus be reduced, they still outnumbered the supporters at the beginning of the summit (cf. Ibid. p.15). Hence, the dialogues with France and the CEE countries were all the more decisive. And they were fruitful: Not only was Barroso able to get the Visegrad Group to accept the binding character of the target by underlining the fact that the 20% only applies to the EU as a whole and that the respective contribution of the member states will be decided by taking their national circumstances into consideration. But also Merkel´s efforts to win over Jacques Chirac were successful even if "it remains unclear to this day how she ultimately managed to convince the French president" *[Wie es ihr letztlich gelang, den französischen Staatspräsidenten zu überzeugen, bleibt bis heute unklar]* (Fischer 2017, p.133). In any case, their agreement to mention in the final conclusions the important role of nuclear energy in increasing the share of renewables in the total energy mix was a contributing factor.

And also during the summit, Germany successfully acted as a policy entrepreneur. Hereby, next to Merkel´s broker skills, also her use of the presidency's procedural advantages have to be especially highlighted. Ludlow, for example, notes:

> "The discussion of energy policy and climate change which followed was arguably the best plenary debate that the European Council has had for several years. It benefited a great deal from Angela Merkel´s stage management and more particularly her selection of the order in which her colleagues spoke, which ensured that the momentum that she herself created with her opening remarks was maintained" (Ludlow 2007, p.17).

In the end, the good preparatory work done in the run-up to the summit, Chirac´s acceptation of the 20% target's mandatory character for renewables as well as Merkel´s skills led to the fact that the few remaining points of contention could also be settled

during the summit and that Germany succeeded in achieving its two main goals: to reach an agreement in general and to enforce the 20-20-20 targets in particular. Hereby, the country only had to make concessions in minor issues regarding, for example, the unconditional 30% objective for GHG emissions reduction, nuclear energy or the centralization of the internal energy market.

Also in the aftermath of the Council, Merkel´s role in bringing about the far-reaching and ambitious conclusions on climate policy was highly praised. Thus, - only to mention a few examples - Ludlow named its evaluation of the Spring Council "Angela Merkel´s master classes" and the press called the summit "the Merkel Miracle". Besides, she gained the title "the climate chancellor" *[die Klimakanzlerin]* at home and abroad and she even received the Charlemagne Prize in 2008 for her services to European integration including "her commitment, will and determination […] in achieving the desired result" at the Spring Summit as the keynote speaker Barroso put it (Latham 2008; cf. Dehmer 2007; Ludlow 2007; Hey 2010, p.215).

Hereby, Merkel´s and Germany's successful entrepreneurial leadership is also based on the country's structural resources, both economic and immaterial. Thus, its large economic resources ensure an important role for the country in the Council and increase its bargaining resources as we have seen in Chapter 3. This is especially true for the period of the presidency because the economic upswing at the time put Germany back in place as "the power house of the European economy" (cf. Ludlow 2007, p.32). In addition, the country has great environmental resources in general being one major emitter of greenhouse gas (cf. Chapter 3). And the same applies to the immaterial resources. Dröge und Geden, for instance, note that in the field of energy and climate protection,

> "Germany has a large amount of administrative and regulatory expertise and political credibility. This is particularly true for the issues which were the subject of the decisions of the March Summit: the fight against climate change and the promotion of renewable energy. In addition, Chancellor Angela Merkel was highly qualified as former Federal Minister for the Environment to persuade the heads of state and government of the advantages of an ambitious energy and climate policy" (Dröge/ Geden 2008, p.46).

This legitimacy regarding the climate targets and climate policy in general is based firstly on the setting and actual achievement of ambitious reduction goals in the past. Hence, it committed itself to reduce its GHG emissions not only by the under the Kyoto Protocol agreed 8% but by 21%. In addition, Germany has met the 8% objective already by the end of 2007. At the time of the summit, the country was therefore well on its way to achieve its more ambitious and self-imposed target of 21% (cf. Chapter 3). Secondly, the country was more than a symbolic leader at the time and undertook considerable and serious actions at the national level in order to fight climate change. Thus, "there is scarcely any country with such an ambitious national climate mitigation programme" (Hey 2010, p.217) as Hey stated in 2010 with regard to the so called

Climate Protection Programme, that Germany had introduced as early as 2000 and had revised in 2005. This program, which has even been praised by skeptics, contains sectoral reduction targets for the fields of transport, private households, industry and services as well as comprehensive instruments and regulations in order to achieve them. The latter include, inter alia, a directive defining requirements for energy use of buildings *[Energieeinsparverordnung]* or a legislation that promotes electricity generated from combined heat and power (CHP) *[Kraft-Wärme-Kopplungsgesetz]* (cf. BMU 2005). Besides, the fact that the country hosted a conference on renewable energy in Bonn in 2004 and that it set up the International Renewable Energy Agency (IRENA) increased Germany's credibility as well (cf. Jänicke 2017, p.118).

However, it must be noted that the Council's success is not only due to Germany's entrepreneurial leadership and its resources. It is also based on the window of opportunity that existed at the time. Thus, Boasson and Wettestad quote an European official as follows: "We had the perfect conditions for achieving something extraordinary: France and Germany held the presidency at important stages in the decision-making, and the UK was largely positive as well. […] Today we would have failed if we had tried to anything like that" (Boasson/ Wettestad 2013, p.50). Hence, the takeover of the presidency by the "right" countries coincided with a favorable political context based on a general shift in the member states´ position towards higher climate ambitions, as it happened first and foremost in Great Britain. This was mainly due to the zeitgeist at the time which was influenced by a changing international environment and an increased environmental interest among the media and the public - both were triggered in part by the reports of the Intergovernmental Panel on Climate Change IPCC - as well as the fact that the European Union - after the failure of the Treaty establishing a Constitution for Europe - needed a prestige object to show its ability to act (cf. Fischer 2017, p.112).

In addition, the high aspirations on the German side regarding climate protection are not solely based on national preferences but they can also be explained by the high expectations that are usually placed on the Council presidency. Especially the bigger member states are supposed to act as a role model and to bring European Integration forward. Hence, Germany found itself under pressure to advance a common European climate and energy policy and therefore adopted ambitious targets to do so.

Besides, what should also not be forgotten is the fact that the conclusions of the Council are - as always - only decisions of general principle and thus, only "big promises". How committed the member states in general and Germany in particular really are about climate protection will become clear in the case studies regarding the elaboration and implementation of concrete measures (cf. Dröge/ Geden 2008, p.48).

5.2. The 2030 climate and energy framework (2014)

The definition of a new European energy and climate policy until 2030[5] received great attention for it showed wether the ambitious 20-20-20 targets were just an exception made possible by the window of opportunity at the time or wether they marked a fundamental change. However, the negotiations took place under different background conditions. Hence, the consequences that the European debt crisis left on the national budget of the European countries made many of them more cost-conscious (cf. Liefferink/ Wurzel 2017, p.955). And also the lack of success of international climate protection efforts as reflected in the failure of the Copenhagen climate summit entailed a lack of motivation on the part of the European member states in promoting an ambitious climate policy (cf. Fischer 2015, p.12). Against this background, the 2030 climate and energy framework can be called ambitious and "succeeds in pushing the Union further along the road towards cleaner and securer energy" as Ludlow noted even if it is far from perfect (Ludlow 2014, p.21).

With respect to its content, the framework envisages the continuation of the existing architecture based on triple targets. In concrete, it endorses an European objective to reduce its GHG emissions by at least 40% until 2030 compared to 1990 and an overall increase in the share of renewable energy of at least 27% at EU level. The European target for energy efficiency is set at minimum 27% as well[6]. Unlike the first two goals, though, the latter is not binding but rather indicative. Besides, the renewable energy target is also only binding for the European Union as a whole. The setting of mandatory national targets was not envisaged. Thus, the conclusions state in the section dealing with renewables: "These targets will be achieved while fully respecting the Member States´ freedom to determine their energy mix. Targets will not be translated into nationally binding targets. Individual Member States are free to set their own higher national targets". This passage reflects a slight renationalisation of European energy and climate policy. This tendency, however, is counterbalanced by the introduction of a governance system (cf. European Council 2014, p.1-5). Hence, the member states are obligated to regularly submit national energy and climate plans (NECP) as well as progress reports, that allow the Commission to monitor the development in the countries and thus ensure the centralization of European climate policy. Thus,

> "the 2030 Framework features a relatively high level of bindingness and does not reduce the stridency of EU climate and energy governance compared to the 2020 Framework. However it does modify the balance of the four dimensions of bindingness. Whereas binding national targets for RE are discontinued […], obligations to prepare national plans, long-term strategies, and regular progress reports, as well as the monitoring and supervisory powers of the European Commissions are significantly strengthened (Oberthür 2019, p.18).

[5] Once again, the focus in this paper is set on the revision of the targets even if the framework also includes aspects regarding other topics such as energy security or energy interconnections.

[6] In the Clean Energy for all Europeans package, the targets were even increased to at least 32% for renewables and at least 32,5% for energy efficiency.

Nevertheless, the framework still doesn't foresee any harmonization. Hence, each country is free to decide over the composition of its energy mix, i.e. if it wants to follow a technology neutral strategy by equating nuclear energy and renewables or if it wants to promote energy from renewable sources in order to reach the overall targets. Besides, the member states can still choose the steering method regarding renewables (cf. Chapter 6).

In general, it can be stated that the framework - as in the case of the 20-20-20 targets - once again only covers the overall guidelines and targets for the European climate policy. As the setting of the general direction is concerned, it is therefore not surprising that the 2030 climate and energy framework was discussed and agreed upon at the highest level, i.e. by the European Council. Hence, the heads of states and governments adopted the framework in the conclusions of their Council summit on 23 and 24 October 2014. Originally, discussions were initiated by the Commission, that presented a green paper in March 2013 and a draft proposal in January 2014. In the following, the bargaining process continued during several meetings of the Council of the European Union and of its preparatory bodies as well as during the European Council's summits in June and October (cf. European Council/ Council of the European Union 2017).

The fact that the framework was discussed and adopted by the European Council gave the process a strongly intergovernmental character and provided the member states - and especially Germany as one of the heavyweights in the Council - with a greater say than it would have been possible under the ordinary legislative procedure. However, this also entailed unanimity as the decision rule giving every state - even the small ones - considerable veto power and thus requiring the need to find a compromise (cf. Chapter 4). Besides, - in contrast to 2008, where the negotiations were carried out under the German Council presidency - the Lisbon treaty introduced a permanent president from 2010 onwards, thus depriving Germany of a central institutional advantage.

In addition, it has to be noted that Germany's structural resources were more limited than in the previous negotiations, therefore reducing its bargaining power in the Council. Hence, its economic resources were considerable at the time but also more subject to contention than ever for they were considered to have been obtained on the back of its European neighbors. Besides, the controversial role that Germany played during the management of the financial crisis as well as its unilateral and not coordinated decision to phase out nuclear energy in 2011 indicated a change of its EU diplomacy and therefore reduced its overall legitimacy and its immaterial resources (cf. Chapters 3 and 6).

Regarding its environmental legitimacy, it can be stated that Germany met its Kyoto target by achieving a 21% reduction of its GHG emissions by 2012 (cf Chapter 3). On the other hand, though, its national policy lacked ambition at the time and the measures in force, namely the energy concept 2010 *[Energiekonzept 2010]* and the climate action

program for 2020 *[Klimaaktionsprogramm 2020],* were assessed to be not sufficient to reach the set 20-20-20 targets (cf. Chapter 2). And also the achievement of the goals for 2030 was in danger. Thus, a report by the European Environmental Agency that was published shorty before the negotiations indicated that Germany will miss its national target to reduce its emissions by 40% until 2030 (cf. Fischer 2017, p.338). The fact that the coalition between the conservative party (CDU/CSU) and the liberals (FDP) followed an unambitious strategy in 2014 is also evidenced by several visits of the Liberal Economics minister Philipp Rösler in Brussels in order to ensure that the European climate goals are not set too high (cf. Jänicke 2017, p.120). In addition, Germany's environmental legitimacy at the time was further questioned by two occurrences: Firstly, the EU initiated a state aid process against the German EEG in 2013 indicating that the country puts national competitive interests before European ones and that it doesn't adhere to the rules. And secondly, the weaknesses of the German energy transition became more and more evident from 2011 onwards (cf. Chapter 6).

Analyzing the legislation process, it can be noted that the German bargaining position wasn't consistent at the beginning. This can be explained by the fact that the Federal Ministry for Economic Affairs and Energy (BMWi) under Philipp Rösler followed an unambitious strategy by favoring a binding goal for GHG emission reduction with indicative targets for renewables and energy efficiency whereas his cabinet colleague Norbert Röttgen, who led the Federal Ministry of the Environment (BMU), supported a renewal of the 20-20-20 targets in all three fields. Consequently, the coalition between the CDU/CSU and the FDP couldn't agree upon a common line in 2013 and therefore missed out on the opportunity to submit a position paper on the Commission's green paper (cf. Haas 2017, p.113).

This changed with the election of the grand coalition between the CDU/ CSU and the Social Democratic Party (SPD) in September 2013 as well as with the initiation of a state aid procedure against Germany. At the heart of the controversy stood two aspects, that were introduced in the revised Renewable Energy Sources Act (EEG) in 2012 and that allegedly distort fair competition in the European Union: The exemption from the EEG levy of energy-intensive companies as well as the so-called "green electricity privilege" *[Grünstromprivileg]* which entailed an unequal treatment of foreign and domestic RES-E. Hence, Germany endorsed ambitious targets at the EU level in the following not only because the newly elected gran coalition followed a more ambitious environmental policy in general, but also because "with the initiation of the state aid proceedings, the German government recognized that a binding renewables goal is the best way to protect the EEG against attacks from Brussels" *[Mit der Einleitung des Beihilfeverfahrens erkannte die Bundesregierung, dass ein verbindliches Erneuerbarenziel das beste Schutzschild für das EEG gegen Angriffe aus Brüssel ist]* (Ibid. p.114).

Germany therefore joined the group around Denkmark and Austria, which consisted of the most ambitious member states and which enhanced a continuation of the existing architecture based on triple targets with a mandatory character. In its position paper in spring, the country thus declared “to support a set of three binding targets for climate change mitigation, renewables and energy efficiency“ (Council of the European Union 2014, p.3). Hereby, the goals should be set at 40% for GHG reduction, 30% for renewables and 30% for energy efficiency. All three were minimum requirements, always preceded by an “at least“ as Angela Merkel emphasized once again in her government speech before the October summit:

> “We Germans can certainly imagine even more ambitious targets for climate protection or the expansion of renewable energies than those presented by the Commission. […] [However,] anyone who knows Europe knows as well that it is right to take into account the specific characteristics of all member states and not to overtax anybody. Because our future climate and energy framework - we have to adopt it in unanimity - must be supported by all member states“ *[Wir Deutschen können uns beim Klimaschutz oder beim Ausbau der erneuerbaren Energien durchaus noch ambitioniertere Ziele als die von der Kommission vorgelegten vorstellen. […] [Jedoch,] wer Europa kennt, weiß, dass es richtig ist, die spezifischen Besonderheiten aller Mitgliedstaaten zu berücksichtigen und niemanden zu überfordern. Denn unser künftiger Klima- und Energierahmen muss von allen Mitgliedstaaten – wir müssen das einstimmig entscheiden – getragen werden]* (Bundesregierung 2014).

With this statement, she showed herself to be consensus-orientated and accommodated the two other fractions, namely the technology-neutral group around Great Britain on the one hand and the skeptics around the Visegrad group plus Bulgaria and Rumania on the other. While the former endorsed an ambitious GHG emission target but refused the setting of mandatory renewable targets at the national level as well as an energy efficiency target in general, the latter, which were led by Poland, wanted to accept an emission reduction target at the most. Additionally, this goal was to be oriented to the progress on the international level and should ideally be lower than 40% (cf. Fischer 2015, p.16). Hence, it can be stated that the starting position for the negotiations had become more complex than in 2007 for “almost every member state had special interests[7] and there was an important group of states, led by Poland, which had profound reservations about the strategy as a whole“ (Ludlow 2014, p.7).

In the course of the legislation process and the preliminary negotiations, Germany's bargaining position slightly changed because it gave up its additional demand for a transfer of the targets to the national level and for it showed a will to talk about their level. What was non-negotiable for Germany at the October summit, though, was the continuation of the triad of goals and especially the binding nature of the renewables goals (cf. Fischer 2017, p.348).

[7] This is also based on the fact that - in contrast to 2007 - the countries had more experience and more knowledge regarding climate and energy policy. As a result, their position has become more differentiated.

Analyzing the politics-dimension, it can be stated that Germany was once again an important player in the negotiation process although its influence did not come close to the one it had during the negotiations in 2007. Thus, Fischer notes in his conclusion:

> "Germany shaped the finding of compromises far less than in 2007. At key points, however, it were decisions by the German Chancellor or the German government that made an agreement possible in the first place" *[Es war dabei weit weniger als noch 2007 deutscher Einfluss, der die Kompromissfindung prägte. An wesentlichen Punkten waren es jedoch Entscheidungen der Bundeskanzlerin oder der Bundesregierung, die eine Vereinbarung erst möglich machten]* (Ibid. p.349).

Hereby, the first key moment can be found right at the beginning of the legislation process when Germany decided to adopt an ambitious position regarding the 2030 energy and climate framework and thus shifted the balance of power in the European Council strongly in favor of the supports. Besides, the country lobbied vehemently for a renewable energy target in the following. For instance, as one of his first official actions as new German minister, Sigmar Gabriel initiated the formation of a coalition for the adoption of a renewables target and - together with Denmark, Austria, Belgium, France and several other states - submitted a letter to the European Commission in this context. Well aware of the fact that it could count on the German support, the European Commission, that - due to the strong headwind from several actors - had previously hesitated to include a binding target for renewables in its draft proposal, was convinced to go through with it (cf. Haas 2017, p.114f.).

Another key moment was the decision of the heads of state and government at the Spring summit to entrust the permanent president of the Council, Herman Van Rompuy, with the task of managing the negotiations between March and October and of preparing a draft decision for the summit in October. This idea was introduced at Angela Merkel´s prompting and "paid off handsomely" for Van Rompuy put his chief of staff, Didier Seeuws in charge, who "was made for the job and the job was made for Seeuws". Hence, he managed to elevate the negotiations from the level of the preparatory bodies to the level of the sherpas[8], thus increasing the influence of the member states (cf. Ludlow 2014, p.7). Besides, he showed great entrepreneurial skills during the process of finding compromises. For example, he managed to already pre-cook most of the typical Council deals that were adopted in the conclusions at the October meeting. Those political horse-trading with respect to the 2030 climate and energy framework included the introduction of ambiguous wording such as "at least" regarding the level of the targets in order to accommodate the most ambitious group around Germany, a non binding energy efficiency goal and non-mandatory targets at the national level for the technology neutral fraction as well as an agreement for compensation payments and exemptions in the EU ETS to show "fairness and solidarity" towards the group around Poland (cf. Fischer 2015, p.17-20). Hereby, especially the concessions to the latter were

[8] Sherpas are called the chief negotiators of the member states in the EU.

particularly notable and evidence for the fact that the countries which joined the EU in the course of the Eastern enlargement were increasingly questioning the German and France claim to leadership in all fields.

Next to Van Rompuy and Seeuws, other actors including Germany played an important role during the negotiation process as well. Thus, the German willingness to compromise, for example by abandoning its demand for binding national targets, were central for reaching an agreement on the 2030 climate and energy package. Besides, the bargaining skills of the German chief negotiator Nicolaus Meyer Landrut and - as usually - of Angela Merkel at the Councils helped to close the deal as well. Hence, Ludlow called Meyer Landrut “one of the two most influential sherpas“ and Angela Merkel, who also took part in several bilateral and mini-summits in order to help Van Rompuy to convince the remaining “party poopers“, “the single most important person at any European Council“ (cf. Ludlow 2014, p.7; 19f; 35; cf. Fischer 2017, p.349).

5.3. Interim conclusion

In conclusion, it can be stated that the negotiations on both milestones for developing an overall European climate and energy policy were characterized by two controversies: The level and bindingness of the climate targets on the European level as well as the degree of centralization and bindingness in translating them to the national level, either through mandatory national goals or a governance system based on monitoring and reporting mechanisms. Regarding both aspects and both milestones, Germany adopted an ambitious position in the bargaining process and mainly tried to bring European climate policy forward even if national interests have always played a role as well. In the end, the German stance also reflects in the negotiations´ result and the policy outcome. Hence, it can be concluded that Germany met both mandatory conditions for leadership as described in Chapter 2 and can therefore be called a climate leader.

In concrete terms, the country advocated for ambitious and binding objectives with respect to the “integrated climate and energy policy for the EU“ and also managed to impose itself by having the 20-20-20 targets as well as mandatory national goals for GHG reduction and renewable energy adopted. As it is common standard in the European Council, Germany had to make concessions as well but these turned out to be rather small. Hereby, the country showed itself to be consensus-oriented and willing to compromise, for example by quickly abandoning its original 30% reduction target for GHG emissions or by taking a step toward France regarding nuclear energy.

And also with respect to the 2030 energy and climate framework, the country belonged to the group campaigning for the continuation of the target triad and vehemently advocated for ambitious and binding goals, especially regarding renewable energies. However, this

wasn't the case right at the beginning of the legislation process and Germany did change its position partly out of national interests in order to protect the EEG from being modified by the EU. In the end, the German position mainly prevailed. Hence, the country managed to have the triad renewed and to replace the national binding renewables target with a governance system. However, some concessions had to be made, above all to the group around the Visegrad states. These concessions evidence for the fact that the countries of the eastern enlargement are increasingly questioning the typical German and French claim for leadership, including in climate policy.

Regarding the second component in the thesis´ definition of leadership, namely the form of leadership as well as the role of the influential factors (cf. Chapter 2), it can be noted that Germany showed an entrepreneurial style of leadership with respect to both milestones although the German role in the first negotiation round can be described as more influential. Thus, the country and its chancellor were the decisive actors and the main motor for bringing the policy process regarding the 20-20-20 goals forward. Hereby, Germany acted as policy entrepreneur and shaped the bargaining process by using its procedural and information advantages provided by the Council presidency. These include the setting of the agenda, the right to conduct bilateral pre-negotiations such as the confessionals in order to gather information and to broker agreements and the task of engaging with the other European institutions such as the Commission, with whom Germany has formed a successful coalition. In addition, Merkel´s bargaining skills must be highlighted.

Even if Germany's influence with respect to the 2030 framework can't be compared to the role it has played regarding the 20-20-20 targets, the country nevertheless shaped the negotiation process and made decisions at key moments, without which a successful outcome would not have been possible. For instance, Germany formed a coalition with other member states and submitted a letter to the Commission in order to defend the renewables target, decided to transfer power to Van Rompuy and showed bargaining skills as well as the will to compromise while closing the typical Council deals.

The fact that Germany´s influence was greater in 2007 than in 2014 can be explained, inter alia, by the institutional setting and the country's structural resources. Hence, the setting facilitated German leadership in both cases for both milestones were "history-making" decisions and therefore discussed and adopted by the European Council. This gave the process a strongly intergovernmental character and provided the member states - and especially Germany as one of the heavyweights in the Council - with a greater say than it would have been possible under the ordinary legislative procedure. Besides, Germany benefited in both cases from the fact that the negotiations were elevated from

the level of the preparatory bodies to the one of the sherpas. In 2007, however, the country gained an additional advantage thanks to the Council presidency, which constituted a major institutional opportunity as explained further above. The unanimity rule wasn't a big limitation hereby.

With respect to the resources, a similar pictures evolves. Thus, although Germany can be considered a heavy-weight in both cases, its resources concerning the 2030 framework were lower than regarding the "integrated climate and energy policy for the EU". Hence, whereas its environmental and economic resources in 2007 and 2014 were comparable, the country's general legitimacy was reduced in 2014 due to its controversy role during the financial crisis and the contested success of its export-based model. And also its immateriell resources in the environmental field were lower because Germany's national policies have become increasingly unambitious at the time, the Commission initiated proceedings on state aid against the country and the weaknesses of the energy transition began to show (cf. Chapter 3).

	Integrated European climate and energy policy	**2030 climate and energy framework**
Mandatory condition 1: Pursuit of European climate interests	Yes - Germany advocated for a target triad with ambitious and binding objectives (30-20-20)	Yes, Germany advocated for: - The continuation of the target triad - The preservation of the binding nature on the national level through mandatory goals
Mandatory condition 2: Visible impact on European climate policy	Yes - Introduction of the binding and ambitious 20-20-20 goals in the Council conclusions However: - Concessions by Germany regarding nuclear power and the level of the GHG reduction goal	Yes, the Council conclusions include: - The continuation of the target triad - The preservation of the binding nature on the national level However: - Concessions by Germany to the Visegrad countries - The binding nature on the national level was achieved by the introduction of a governance system
—> climate leadership?	Yes	Yes, however: - Germany played a less influential role than 2007 - Germany advocated for a renewable target partly out of national interests to protect the EEG
Style of leadership	Entrepreneurial leadership	Entrepreneurial leadership

	Integrated European climate and energy policy	2030 climate and energy framework
Influencing factor 1: The institutional setting	Major institutional advantages thanks to: - The fact that the decision making process took place in the European Council - The German Council presidency	Institutional advantages thanks to: - The fact that the decision making process took place in the European Council
Influencing factor 2: Germany's structural resources	Considerable economic, environmental and immaterial resources	High, but more limited resources because of reduced immaterial resources
Other influencing factors	Favorable environment	Unfavorable environment because of financial crisis

Table 6: The German role regarding the milestones in European climate policy. Source: Own elaboration.

6. Case study 2: The European Union Emissions Trading System

The EU Emissions Trading System (EU ETS) is the EU´s major and its flagship tool to meet the European GHG emission reduction target. As the largest trading system worldwide, it included around 11.000 industrial installations in 2014. Besides, it covered nearly 50% of all CO_2 emissions in the European member states along with Iceland, Liechtenstein and Norway as well as the sectors energy, industry and the internal European air traffic (cf. Skjærseth 2014, p.254).

Regarding its functioning, it can be stated that the EU ETS is a so-called economic or market-based policy instrument for it attempts to control behavior through financial incentives. Thus, the emission of GHG is considered a chargeable commodity and the emitters have to acquire the rights to do so (cf. Philipsborn 2012, p.89). These rights are issued by the EU ETS in the form of allowances. Hereby, it is designed as a "cap and trade" system, i.e. it caps the total number of available emission allowances which, in turn, can be traded between the participants. The maximum ceiling is adjusted each year by the EU in line with its climate targets.

Since it was introduced in 2005 as the first emissions trading system worldwide, the EU ETS has undergone several changes regarding its design and its functioning. The main points of contention have always been the allocation method, i.e. auctioning or free allowances, the degree of centralization and harmonization through rules for monitoring, reporting and verification as well as the legal design. By 2015, three trading phases can be distinguished: The first trading period from 2005 until 2007, which was a three year pilot phase of "learning by doing", the second one between 2008 and 2012, whose success was of particular importance for it coincided with the first commitment period of the Kyoto Protocol, and the third period from 2013 until 2020. Whereas the first two were regulated by the first EU ETS Directive adopted in 2003 (Directive 2003/87/EC), the third

one is governed by a revised directive adopted in 2008 (Directive 2009/29/EC) (cf. European Commission n.d. a).

In the following, this thesis will look at the directives´ negotiation process as well as their national implementation through the national allocation plans (NAP´s) in order to assess Germany's role regarding the EU´s emissions trading system.

6.1. Directive 2003/87/EC

The crucial part of the policy making process for the EU ETS began with the “Green Paper on greenhouse gas emissions trading within the European Union“ in March 2000 and with the subsequent proposal for a directive on an emissions trading system in the EU in October 2001. Both were presented by the European Commission as the agenda setter in the EU. The final Directive 2003/87/EC was adopted in 2003 after the initial proposal underwent the co-decision procedure in the EU. Thus, the EU ETS is considered part of the environmental legislation and not seen as an intervention in the energy mix of the national states. It is therefore regulated by Article 175(1) prescribing the co-decision procedure and vote by qualified majority instead of unanimity (cf. European Commission 2015, p.9; Skjærseth/ Wettestad 2008a), p.107).

In terms of content, the EU ETS Directive envisaged a mandatory emissions trading system with a compulsory list of sectors to be included, harmonized rules for reporting and monitoring as well as a penalty for non-compliance of €40. However, there was a possibility for the exemption of certain plants if specific requirements were met and the option for a pooling of installations. Besides, it was designed as a decentralized system leaving the allocation of allowances to the national states on the condition that the states achieve their Kyoto Protocol target and that they grant the Commission the right to review the national NAPs. Hereby, 95% of the certificates should be the allocated free of charge and not by auctioning (cf. European Parliament and Council 2003; Skjærseth/ Wettestad 2008a), p.44f.).

During the policy making process, Germany emerged as a “emission trading laggard“ (Jänicke 2011, p.134) and became “the most severe obstacle to adopting a binding EU ETS“ (Skjærseth/ Wettestad 2008a), p.92). While Germany rejected an European emissions trading system outright in the policy initiation phase, it changed its official position in October 2001 when the ETS directive proposal was published. Hence, the country didn’t oppose the EU ETS in itself anymore but tried to influence the key design elements of the system in its favor. Hereby, its main point of criticism was the mandatory nature of the EU ETS. Instead, Germany advocated primarily for “a voluntary EU ETS in which several installations would have the possibility to adopt aggregate, collective targets“ (Boasson/ Wettestad 2013, p.60), i.e. a design that leaves it to the sectors or installation to choose wether they want to join the EU ETS and which reduction goals they want to achieve. A second proposal on the German part in order to impose a

voluntary system were opt-outs or exemptions which would allow the participants to be excluded from a binding regime under certain conditions (cf. Skjærseth/ Wettestad 2008a), p.109f.).

In the course of the negotiations, though, Germany backed away from its position once again and stated in the coalition agreement in October 2002 that it would give up its opposition to a binding system provided that - among other things - allowances are allocated free of charge and that mandatory trading pools are included (cf. SPD/ Bündnis 90/ Die Grünen 2002, p.37). Those pools would allow Germany to impose a partially voluntary character by leaving it to the national states to decide on participation in the pool. After additional negotiations with Germany, the country finally accepted the EU ETS Directive as described above (cf. Skjærseth/ Wettestad 2008a), p.110).

Comparing the final version of the Directive and the German position during the bargaining process, it can be stated that the country has largely failed to influence the EU policy on the European Emissions Trading System in its favor. Thus, it had to accept a mandatory system that didn't give the national states much leeway. Hence, it included harmonized rules regarding the affected sectors, non-compliance and monitoring as well as the right of the Commission to refuse the member states´ national allocation plans. As concession, Germany solely received provisions for the opting-out and the pooling of installations in a watered-down form (cf. Ibid. p.110).

As the two main reasons that led to "Germany's heavily limited role as a shaping actor" *[einer stark eingeschränkten Rolle Deutschlands als gestaltendem Akteur]* (Fischer 2017, p.283), firstly the rivalry between the German policy makers and secondly the institutional setting for the decision-making process can be identified. Hence, although Germany emerged as one of the main skeptics of the EU ETS, the stakeholders within the country were in disagreement and the federal government found it therefore difficult to establish a clear bargaining position. This conflict mainly took place between the two responsible ministries - namely the Ministry of Economics (BMWi) opposing emissions trading due to successful lobbying on part of the energy-intensive industries and the Ministry of the Environment (BMU) being in favor of the EU ETS - and led to government paralysis, thus weakening Germany's negotiation position (cf. Boasson/ Wettestad 2013, p.60). Reinhard Kaiser, head of department at the Ministry of Environment at the time and participant in the negotiations, confirms that

> "Germany was certainly not able to optimally safeguard its interests in some aspects during the negotiations due to the inflexibility generated within the government and by focusing its attention on this self-created conflict" *[Deutschland konnte in den Verhandlungen aufgrund der regierungsintern erzeugten Unbeweglichkeit und der Konzentration der Aufmerksamkeit auf diesen selbstgeschaffenen Konflikt sicher in manchen Details seine Interessen nicht optimal wahrnehmen]* (Kaiser 2018, p.19).

Besides, the possibilities for Germany to influence the decision-making procedure were in general limited because it took place under the co-decision procedure giving the other

European institutions more of a say. In addition, the country's bargaining position was further undermined by the fact that the EU ETS Directive was considered environmental law and was therefore decided based on Article 175(1) and not Article 175(2). This would have made a big difference as Skjærseth and Wettestad note for "unanimity would have provided Germany […] with veto power over the proposed ET directive. This would most likely have resulted in a voluntary ET scheme or no EU ETS at all - as in the case of the EU carbon/ energy tax" (Skjærseth/ Wettestad 2008a), p.107). Hence, although the qualified majority vote favors the most populous country in the EU in terms of voting power, it deprives it of its veto. In the case of the EU ETS Directive, the implied possibility of being outvoted pushed Germany to make concessions, especially because the country failed to find allies and to form a coalition against the directive. It therefore wasn't able to build a blocking minority, which made the risk of being outvoted very likely (cf. Endress 2010, p.229).

Furthermore, the in the Council prevailing norm of consensus-seeking created additional pressure on Germany to act cooperative and to find a compromise. Hereby, the need to find consensus was especially strong with respect to the emissions trading system for it was a brand new policy instrument. In the end, this institutional pressure made Germany to refrain from blocking the negotiations and to settle with a coordinated approach (cf. Fischer 2017, p.283). Hence, Reinhard Kaiser states:

> "There was no German attitude of sabotage in Brussels, but constructive cooperation in the highly complicated struggle to find consensual solutions among the member states" *[Es gab aber in Brüssel […] keine deutsche Sabotagehaltung, sondern ein konstruktives Mitwirken bei der hochkomplizierten Suche nach unter den Mitgliedstaaten konsensfähigen Lösungen]* (Kaiser 2018, p.20).

Ultimately, the fact that Germany was only able to shape the EU ETS Directive to a limited extent is all the more surprising when its considerable structural resources are taken into account. Hence, the country has already been a heavyweight in 2002 even if it was considered "the sick man of Europe" at the time and even if its general legitimacy was limited by the facht that it breached the Stability and Growth Pact. Nevertheless, its environmental resources were enormous and certainly provided Germany with considerable negotiation power at the time. Thus, it has always been one of the biggest CO_2 emitters within the EU and - by accounting with around 25% for a substantial share of the European market for emissions trading - plays a crucial role for its functioning. However, although Germany was destined to be a key player in the EU ETS given those facts the country was unable to assume this role in the early stages of the emissions trading regime (cf. Gründiger 2012, p.71; Boasson/ Wettestad 2013, p.60; Chapter 3). And the same applies for Germany's institutional resources. Thus, even if they were considerable before the enlargement as the EU still had only 15 members, the country couldn't take advantage of them (cf. Chapter 3).

And also with respect to Germany's legitimacy at the environmental level at the time, it can be said that the country had just made a name for itself as a green leader by voluntarily committing to ambitious reduction goals, by presiding over the first UN Climate Conference in Berlin in 1995 or by advocating strict GHG emission reduction targets during the negotiation for the Kyoto Protocol in 1997 (cf. Chapter 3; Jänicke 2017, p.117). However, it must be noted that already during those negotiations, Germany emerged as one of the biggest critics towards the flexible mechanism, which clearly diminishes its legitimacy in the specific field of the EU ETS (cf. Skjærseth/ Wettestad 2008b), p.282). Besides, Germany was lacking experience and the expertise regarding emissions trading for, until this date, it mainly relied on voluntary agreements to cut emissions without any sanction mechanism leaving it to the industry itself to set sectoral targets and to collect the data. In this context, Skjærseth and Wettestad speak of an “relatively clear case of institutional misfit in terms of emissions trading“ (Ibid.). In addition, Germany established its domestic working group on emission trading rather late which made it even more difficult for the country to gather expertise (cf. Ibid. p.92).

The fact that Germany was more laggard than leader regarding the initial phase of the EU ETS is also confirmed when looking at the national allocation plans (NAP´s). Those plans were a main instrument regarding the implementation of the European emissions trading regime for the national states set the cap and decided over the distribution and number of certificates. Given the fact that the EU ETS was established as a decentralized system, the allocation of allowances laid in the responsibility of the countries themselves. However, the Commission had to approve the plans exercising thus its executive powers and its rights to enforce European legislation described in Chapter 4. In general, the NAP can be seen as a sign of a state's environmental ambitiousness (cf. Skjærseth/ Wettestad 2008b), p.278).

Regarding the NAP for the 1st trading period 2005-2007, Germany showed few ambition by setting the cap high - it handed out 12,8% more allowances than necessary - and by integrating several special regulations such as the recognition of early actions or an exemption period for new power plants. The same picture presented itself with respect to the NAP for the 2d trading period. Germany set its cap very generously with 499 Mt Co_2. Only through renegotiations with the Commission, the country reduced its emission targets by 7%, cut some of the special regulations and introduced partial auctioning for 10% of the certificates (cf. Ibid., p.280; Gründiger 2012, p.37).

Thus, whereas the strong influence of the German energy and industry sector in the bargaining process for the NAP I led to a “dilution of the emissions trading system“, the European Commission took a leading role in negotiating the NAP II in favor of more ambition targets and prevailed in the process. Hereby, the Commission benefited from the fact that the Germany Council presidency in 2007 as well as the G8 presidency in the same year were just around the corner. With this in mind, the country wanted to avoid sending a negative signal and feared the loss of reputation that would have resulted from

a rejection of the changes proposed by the Commission (cf. Ibid. p.60; 88). Hence, “holding both these presidencies stimulated a new political leadership ambition in international climate change politics within the Grand coalition government“. Hereby, the Commission party imposed this new role on Germany for “interestingly enough, the EU Commission now forced the German government to stick to its self-proclaimed pioneer role“ by refusing the original NAP II and by demanding more ambitious targets and rules. It is therefore a case of “forced leadership“ (Jänicke 2011, p.135).

6.2. Directive 2009/29/EC

This new leadership ambition regarding climate policy became also clear in the initiation phase for the revision of the European Emissions Trading Directive. Thus, under the German Council presidency and thanks to the country’s great commitment, the heads of state and government set out a reform of the EU ETS as part of the „integrated climate and energy policy for the EU“ discussed in Chapter 5 by stating in the European Council conclusions from the 9th of March 2007: “Given the central role of emission trading in the EU's long-term strategy for reducing greenhouse gas emissions, the European Council invites the Commission to review the EU Emissions Trading Scheme in good time with a view to increasing transparency and strengthening and broadening the scope of the scheme“ (Council of the European Union 2007, p.13). With this commitment to the EU ETS as key instrument of European climate policy and by emphasizing the need for a reform, the Council gave the go-ahead and set the course for the legislative process that began with the Commission's legislative proposal in January 2008. Hereby, the Council assumed its de-facto agenda setting role regarding the general political guidelines of the EU as we have seen in Chapter 4 (cf. Fischer 2017, p.285; 289).

Due to time pressure, which was caused by the European Parliament Election and the COP-15 Kopenhagen summit in 2009 as well as the upcoming Council presidency of the climate-skeptical Czech Republic, the EP and the Council of the EU agreed to adopt the proposal as an early agreement. Hence, it should be approved in their first reading until the end of the year of 2008 within the co-decision procedure. While the systemic questions with respect to the overall design such as harmonization and centralization could be resolved without much conflict, a few specific issues regarding carbon leakage, exemptions for power plants in Eastern and Central Europe and the distribution of auction proceeds from the EU ETS were so controversial that they had to be resolved by the heads of government and state at the summits of the European Council in October and December 2008 (cf. Endress 2010, p.189; Fischer 2017, p.292).

In addition, the Council president at the time, Nicolas Sarkozy, who was under the same time pressure, announced that a final decision on the overall climate and energy package of which the EU ETS directive was part will be taken by the Council at the summit in December. This statement had a central influence on the decision-making procedure.

Hence, instead of adopting the proposal by qualified majority in the Council of the EU as it would have been possible in the standard co-decision procedure, it now had to be adopted by consensus by the European Council. This was a double-edged sword since "on the one hand, the broader package context and high-level political involvement meant in principle good possibilities for political deals and horse-trading. On the other hand, the consensus requirement would provide individual laggards with additional veto powers" (Boasson/ Wettestad 2013, p.65). In any case, it is undisputed that the decision to let the proposal be adopted by the platform per excellence to represent domestic interests increased the influence of the national states in shaping the revised directive. And especially Germany benefited from this fact for it could bring its structural resources more to bear. In addition, this change in the legislative process as well the early agreement requirement limited the power of the European Parliament for its participation rights were to a great extent reduced to a "mere take-it-or-leave it decision" (cf. Endress 2010, p.189).

Following preparatory work in the respective Council of Ministers, trilogue meetings between the EP, the Commission and the Council of the EU as well as the negotiations at the European Council summits, the new EU ETS Directive 2009/29/EC was adopted by the Council on the 12th and by the European Parliament on the 17th of December as part of the "Climate action and renewable energy package" (cf. Ibid. p.189).

In terms of the content, the directive brought the ETS closer "towards a Single European Allowance Market" as Boasson and Wettestad expressed it. Thus, it envisaged a more centralized and harmonized emissions trading system by abolishing the NAPs and by moving the setting of the cap and the allocation of allowances to the EU level. In addition, auctioning replaced the distribution of certificates free of charge as the main allocation method with 40% of the certificates to be auctioned in 2013 and 70% until 2020. However, there are exceptions here depending on the sector as we will see further below. Besides, the scope of the ETS was extended to the aviation sector and to the greenhouse gases N_20 and PFCs (cf. European Parliament and Council 2009a); Boasson/ Wettestad 2013, p.54f.)

Surprisingly, the European member states - including Germany - agreed pretty easily on the systemic questions regarding a more harmonized and centralized system if their resistance to give up regulatory control during the negotiations for the first EU ETS Directive is considered. This change in position can be explained by the fact that the national states have realized that the decentralized scheme of the first trading period had only led to an overallocation of certificates. The preferred environmentally effective EU ETS, however, was only possible through a more centralized approach. And also the industry has become more positive towards the ETS (cf. Endress 2010, p.190; 196; Fischer 2017, p.280). Besides, an important role was played by the increased public interest in the topic of climate change as it put pressure on the countries and especially on Germany as a self-proclaimed green leader to come to an agreement. And regarding

Germany in particular, there was also the change of government in 2005. Hence, Angela Merkel, who succeeded Gerhard Schröder as chancellor, had a more positive attitude towards the European Emissions Trading Scheme than her predecessor (cf. Endress 2010, p.190; 196; Fischer 2017, p.280).

However, although Germany was more supportive of the EU ETS in general, it was still "something of a champion for favorable treatment (read: free allowances to) of energy-intensive industries" (Boasson/ Wettestad 2013, p.64f.). Thus, the key focus of the German position was the protection against carbon leakage, i.e. the migration of industrial installations from abating to non-abating countries for reasons of costs. In general, this migration goes hand in hand with a weakening of the domestic economy as well as a rise in the total amount of GHG emissions. Fearing a loss of competitiveness as well as job losses, Germany therefore demanded exemptions for its energy-intensive industry in the sense of free allowances of certificates instead of auctioning as the main allocation method for the installations in this sector. Hence, Angela Merkel committed herself in her government statement to the European Council in December to the 20-20-20 goals and the EU ETS as central instrument, but also emphasized:

> "At the same time, we are determined to insist in the negotiations that this is not done at the expense of jobs but that it goes hand in hand with the preservation of jobs in Germany. […] [Among other things], we must ensure that our energy-intensive industry, which depends on exports, is exempted from the allowance trading system in such a way that it does not suffer any disadvantages on the world market. It would be a different matter if we already had certificate trading in other regions of the world today; then we wouldn't need it. But as things stand, we cannot spoil our export opportunities and end up watching chemical jobs, steel jobs and the like migrate to regions of the world where environmental protection is lower than here. That would be paradoxical and is therefore not good. […] There are to be exemptions for industries such as iron, steel, basic chemicals, cement - to name just a few" *[Gleichzeitig haben wir den festen Willen, bei den Verhandlungen darauf zu drängen, dass dies nicht zulasten von Arbeitsplätzen erfolgt, sondern dass dies mit dem Erhalt von Arbeitsplätzen in Deutschland einhergeht. […] [Unter anderem] müssen wir erreichen, dass unsere energieintensive Industrie, die vom Export lebt, von dem Zertifikatehandel so ausgenommen wird, dass daraus keine Nachteile auf dem Weltmarkt entstehen. Eine andere Sache wäre es, wenn wir in anderen Regionen der Welt heute schon Zertifikatehandel hätten; dann brauchten wir das nicht. Aber so wie die Sache steht, können wir uns unsere Exportchancen nicht verderben und zum Schluss zusehen, wie Chemiearbeitsplätze, Stahlarbeitsplätze und Ähnliches in Regionen der Welt abwandern, wo der Umweltschutz geringer ist als bei uns. Das wäre paradox und ist deshalb nicht gut. […] Es soll Ausnahmeregelungen geben für Industriezweige wie Eisen, Stahl, Grundstoffchemie, Zement – um nur einige zu nennen]* (Bundesregierung 2008).

It can be therefore stated that Germany, fearing repercussions for its national industry, put domestic economic concerns before European ones. Once more, it couldn't be found among the most ambitious states in terms of climate policy although it showed a strong environmental commitment in general. According to some analysts, the country was even one of "the two major problems for the adoption of the climate and energy package" (Lequesne/ Rozenberg 2008, p.39). However, even if it vehemently advocated its central interest, carbon leakage, Germany showed itself to be cooperative in the bargaining process and accepted the norm of consensus-seeking in the European Council. A failure of the negotiations was not an option for Germany. Hence, the country

followed the philosophy of Angela Merkel who stated that “the negotiations will be exciting and tough, but always under the following principle: We want to be successful, we want to lead the way in Europe“ *[Es werden spannende, harte Verhandlungen, aber immer unter der Maßgabe: Wir wollen einen Erfolg, wir wollen die Vorreiterrolle in Europa]* (Bundesregierung 2008).

Thus, in contrast to the second “major problem“ - a coalition of seven Central and East European (CEE) countries that opposed the EU ETS - Germany didn’t threaten to use its veto at the October summit and didn’t nearly derail the negotiations by not deviating from its position (cf. Lequesne/ Rozenberg 2008, p.40). Besides, Germany even helped Nicolas Sarkozy, the president of the Council and negotiations leader at the time, to find a compromise with the skeptical CEE countries at the December summit and thus, to prevent the failure of the directive. Thanks to Angela Merkel´s and Nicolas Sarkozy´s bargaining skills and “by handing out little treats to the most reluctant member states“ *[á distribuer les petites douceurs aux États membres les plus récalcitrants]* (Avril 2008) during several bilateral consultations in the framework of the so-called “confessional procedure“ with the leader of the CEE states, Donald Tusk, a revision of the EU ETS could be achieved. In concrete terms, the CEE countries were accommodated in Article 10 and 10a by granting them transition periods until their electricity industry was fully integrated in the EU ETS. In addition, it was agreed that they receive an over-proportionate share of allowances while the economically stronger countries were obliged to give up 10% of their certificates to the poorer ones “for the purpose of solidarity“ (cf. European Parliament and Council 2009a); Fischer 2017, p.311).

Hereby, Germany benefited from its credibility regarding industrial protection. Hence, the deal could be closed on the basis of the German approach to link the emissions trading regime to a credible protection of industry (cf. Fischer 2016, p.325). Thus, although Germany's otherwise strong environmental legitimacy at the time (cf. Chapter 3) was reduced in the field of emissions trading by its little ambitious NAPs as well as the fact that the country mainly followed national interests during the bargaining process of both EU ETS Directives, its approach to protect the domestic industry helped the country to assume a shaping role in the last stage of the negotiations. In general, the German bargaining position in the EU and especially in the Council was strong at the time. Even if the negotiations for the second directive took place after the Eastern enlargements, its resources in all areas were nevertheless considerable in 2008. In addition, the negotiations took place at the beginning of the European debt crisis, when calls for more German leadership began to arise and when the country’s great economic resources weren’t that strongly contested yet (cf. Chapter 3).

This strong bargaining position as well as the fact that it was given “regard to each member state's specific situation“ (Lequesne/ Rozenberg 2008, p.40) during the negotiations benefited Germany to impose its interests. Thus, the country’s demands were met by postponing the full auctioning of certificates to the period after 2020 and by

integrating exceptions from auctioning for the energy-intensive industry and the sectors threatened by carbon leakage. These were awarded free allowances instead (cf. European Parliament and Council 2009a); Fischer 2017, p.311).

6.3. Interim conclusion

In conclusion, it can be stated that Germany can't be considered a green leader regarding the EU ETS because it primarily aimed to impose its national interests instead of trying to implement a scheme that would benefit climate protection in the EU. The country therefore failed to meet the first mandatory condition for leadership, namely the pursuit of European climate interests (cf. Chapter 2). Hence, after generally refusing an European emissions trading system in the initial phase of the negotiations for the first directive, the country opposed a mandatory trading system with harmonized rules later on only opting for a voluntary approach for economic reasons. During the process, it emerged as the biggest opponent even if it tried to seek consensus. And also with respect to the national implementation of the regime through the NAPs, Germany showed itself to be unambitious.

The same applies for the revision of the directive in 2008. Although Germany showed stronger environmental commitment by pushing for a successful termination of the negotiations and by showing itself willing to compromise in order to prevent the failure of the directive, the country's main goal was to enforce beneficial rules regarding carbon leakage to protect its domestic industry. Germany therefore tried to shape the system in such a way that it would serve its own industry and economy but not European climate policy. However, it showed signs of entrepreneurial leadership during the December summit in 2008 when it formed a coalition with France and conducted pre-negotiations with the CEE countries in order to reach an agreement.

In addition, Germany is disqualified as a leader regarding Directive 2003/87/EC because it couldn't leave a visible impact on the policy outcome and therefore didn't comply with the second mandatory condition of leadership (cf. Chapter 2). Contrary to the German stance, the first directive thus established a mandatory system with harmonized rules and monitoring rights for the Commission with only provisions for opting-out as concession. Whereas Germany failed to be a shaping actor regarding the bargaining process in 2003, it could however influence Directive 2009/29/EC in its favor. The revised directive reflected the German objective to link the ETS with the protection of the domestic industry and included special rules in order to prevent carbon leakage such as postponing the full auctioning of certificates to the fourth trading period.

The fact that Germany's influence in 2008 was greater than in 2003 can be partly explained by the second component in the thesis´ definition of leadership, namely the institutional setting and the country's availability of resources as the main influential factors (cf. Chapter 2). Hence, not only did the co-decision procedure limit the possibilities

for Germany to influence the decision-making process for Directive 2003/87/EC, but also did the use of the QMV instead of unanimity as well as the norm for consensus-seeking pressure the country to make concessions. Thus, the country didn't manage to build a blocking minority and faced the danger to be outvoted. Those institutional constraints were considerable and even hindered Germany to translate its structural resources into leadership. Hence, the country has already been a heavyweight at the time thanks to its role as biggest emitter as well as its institutional and immaterial resources, that were higher in the EU15 than in the EU 28. However, the country was considered the sick man of Europe in 2003 and its environmental legitimacy, that was high in general at the time, was reduced by the fact that Germany had already opposed flexibel mechanism during the negotiations for the Kyoto Protocol and that it couldn't provide any expertise regarding emission trading schemes.

In 2008, the situation was different. Sarkozy´s decision to resolve the main points of contention during the European Council summit in December and not - as it is customary in the co-decision procedure - in the Council of the EU by QMV benefited Germany. Especially the application of the unanimity rule and the more informal procedure in the Council served the country well because it was able to bring its leading position in the EU to bear. Only the possibility for the CEE countries to emerge as the main opponents once again represented a disadvantage here. In addition, Germany's influence was further increased by the fact that the directive was adopted as an early agreement, thus limiting the power of the other European institutions. In general, Germany's bargaining position was already significant at the time for its structural resources regarding all areas were considerable. Only its legitimacy in the specific field of emissions trading is an exception here even if its approach to link the EU ETS to the protection of industry increased its credibility towards the CEE countries.

And also the external environment as well as domestic politics played an important role. Whereas time pressure and the growing interests of the public in climate change helped Germany to shape Directive 2009/29/EC, national rivalry hindered the country to establish a unified German bargaining positions regarding Directive 2003/87/EC.

	Directive 2003/87/EC	**Directive 2009/29/EC**
Mandatory condition 1: Pursuit of European climate interests	No - Germany advocated for a voluntary EU ETS after having refused it completely at the beginning	No - Implementation of special beneficial rules for carbon leakage in order to protect its national industry as Germany's main interest However: - Commitment to prevent a failure of the bargaining process

	Directive 2003/87/EC	Directive 2009/29/EC
Mandatory condition 2: Visible impact on policy outcome	No - Adoption of a mandatory scheme with harmonized rules and monitoring rights for the Commission - Provisions for opting-out as only concession	Yes; the directive reflects the German position by: - Including special rules for carbon leakage - Linking the EU ETS with the protection of industry
—> climate leadership?	Laggard - German national interests are in the foreground - Germany can't be considered a shaping actor - Insufficient implementation of the ETS through unambitious NAPs	No - German national interests are in the foreground However: - Contributing role in finding an agreement with the CEE countries
Style of leadership	-	Signs of entrepreneurial leadership during the December summit 2008
Influencing factor 1: The institutional setting	Important institutional constraints due to: - Co-decision procedure - QMV -	Major institutional advantages thanks to: - The fact that the European Council acted as decision maker of last resort - The adoption of the directive as an early agreement
Influencing factor 2: Germany's structural resources	Considerable environmental, institutional and immaterial resources but limited legitimacy and expertise regarding the EU ETS	Germany as a heavyweight in the EU considering its resources in all areas except in the field of emissions trading
Other influencing factors	Unfavourable environment and national rivalry as constraint	Time pressure and forced leadership through attention in media and population as advantage

Table 7: The German role regarding the EU Emissions Trading System. Source: Own elaboration.

7. Case study 3: Promotion of renewable energies

The first part of this chapter is based on Directive 2009/28/EC that is at the heart of the EU´s policy on renewables. This so-called Renewable Energy Directive, which was adopted in 2009, is the first comprehensive EU-wide legislation regarding the promotion of regenerative energies in the European Union. Thus, it builds on the concept of Integrated Energy or Sector Coupling and therefore covers the three most relevant areas in this field, namely electricity, transport and heat.

In the period before 2009, there were only sporadic directives regulating the individual fields such as Directive 2001/77/EC for promoting renewable energy use in electricity generation or Directive 2003/30/EC on the promotion of the use of biofuels or other

renewable fuels for transport. The field of heat was totally left out (cf. Howes 2010, pp.120; 125). In general, it can be stated that the EU wasn't leading in the field of regenerative energies in the first decade of 2000 and that the European renewables policy's "initial results were meagre" (Boasson/ Wettestad 2013, p.102).

This contrasts with the German policy on renewables. The country's pioneering role in this field and the development of its cognitive leadership between 2000 and 2015 will be examined in the second part of this chapter.

7.1. Directive 2009/28/EC

Following the adoption of the 20-20-20 targets in 2007 (cf. Chapter 5.1), the European Commission proposed Directive 2009/28/EC in December 2007 in order to implement the European Council's decision to generate 20% of the EU´s energy from renewable sources by 2020. Two years later, in December 2009, the so-called Renewable Energy Directive or RED I was finally adopted as part of the overall EU climate and energy Package by the Council and the European Parlament within the ordinary legislation procedure. The latter is particularly noteworthy because even though the directive interferes with the member states´ energy mix, the consultation procedure wasn't applied in this case (cf. Fischer 2017, p.256).

As far as the design of the RED I is concerned, the Council didn't leave the Commission much leeway. Hence, the European institution already defined unusually concrete guidelines in its conclusions from 2007, thus emphasizing its role as agenda setter and its growing legislative power (cf. Ibid). Hereby, the contribution of Germany and its leadership role in setting those ambitious and legally binding climate goals shouldn't be forgotten as we have seen in Chapter 5.1. In concrete terms, in order to achieve the 20% increase of renewables in final energy consumption as well as the 10% goal for biofuels, the European Council

> *"calls for an overall coherent framework for renewable energies which could be established on the basis of a Commission proposals in 2007 for a new comprehensive directive on the use of all renewable energy resources. This proposal should be in line with other Community legislation and could contain provisions as regards:*
>
> - *Member States´ overall national targets;*
> - *National Action Plans containing sectoral targets and measures to meet them; and criteria and provisions to ensure sustainable production and use of bioenergy and to avoid conflicts between different uses of biomass*
> - *[…]*
>
> *Besides the European Council] invites the Commission to analyse the potential of cross-border and EU-wide synergies and of interconnections for reaching the overall renewable energy target" (Council of the European Union 2007, p.21f.)*

Based on these guidelines, the Commission structured its draft directive for 2007 along two central dimensions, the steering method on the one hand and the degree of centralization on the other. Whereas the former was highly controversial as we'll see further below, the latter was agreed upon quickly and almost adopted in the same way

in the final Renewable Energy Directive. Thus, it defines the 20% goal as an overall target for the EU, i.e. each member state has to make a different contribution to its achievement. Those national goals, however, were declared to be mandatory and were set in accordance to economic factors such as the GDP and the development potential of each country. In addition, “an early starter bonus“ was taken into account. Hereby, the calculation method as proposed by the Commission, that envisages a national target of 18% for Germany, was accepted without much resistance (cf. Howes 2010, p.125; 128f. 131).

Besides, although RED I leaves it to the member states themselves to decide how to divide the national target between the three sectors heat, transport and electricity[9], it obligates all countries to “work towards an indicative trajectory tracing a path towards the achievement of their final mandatory goals. They should establish a national renewable energy action plan including information on sectors targets […]. In addition, Member States should set out measures to achieve those targets“ (European Parliament and Council 2009b), Preamble 19). Those action plans are hereby to be evaluated by the Commission. In addition, the countries have to report every two years to the European Institution, therefore giving it considerable power to control and steer the policies of the member sates (cf. Boasson/ Wettestad 2013, p.81).

This centralization through the mandatory targets and the national action plans was supported by Germany and complied with its position. Hence, it was in line with the German goal to further promote renewable energies in general and safeguard the result of its Council presidency in particular. The specific design of the calculation method or the reporting obligations were hereby of secondary importance for the country and not the main focus of its negotiation strategy (cf. Fischer 2017, p.253; 270). Besides, the requirements of RED I only created a small institutional misfit in Germany and meant little change for its overall strategy on renewables as they were already applied in a similar way within the country.

Thus, the European state has already pursued an active and comprehensive renewable energy policy since the turn of the millennium which can be described as pioneering and as cognitive leadership as we will see in Chapter 7.2. In addition to early measures such as the “Renewable Energy Sources Act“ *[Erneuerbare Energien Gesetz, EEG]*, Germany was ahead of the European Union in formulating concrete measures to implement the Council’s 20-20-20 targets by initiating the so-called “Integrated Energy and Climate Program“ *[Integriertes Energie- und Klimaprogramm IEKP]* before the European legislative process for the Renewable Energy Directive even started. This program, whose first package was published in August 2007, firstly includes sub-targets in the individual sectors. In concrete terms, it aims at expanding the share of

[9] Only in the transport sector, “it is appropriate for the 10% target for energy from renewable sources […] to be set at the same level for each Member State in order to ensure consistency" (European Parliament and Council 2009b), Preamble 16).

renewables to 25 or 30% in the electricity sector and from 6 to 14% in the heating sector by 2020 as well as at achieving the 10% goal regarding biofuels. And secondly, the program entailed legislative proposals for their implementation, namely the revision of the EEG, the “Renewable Energies Heat Act“ *[Erneuerbare-Energien-Wärme-Gesetz, EEWärmeG]* and a new law on biofuel policy, that was later to fail though. Hence, Germany complied in advance with what the Renewable Energy Directive would later call for. The formulation of the national action plan as well as to get it approved by the Commission was therefore also no problem for the country. It even raised its national target for the share of regenerative energy from the 18% that was set for Germany in the Renewables Directive to 19,5% (cf. Fischer 2017, pp.233-235; 266f.; BMU 2007).

The fact that Germany could already look back on a comprehensive set of policies on renewable energy and that it defined concrete measures to implement the 20-20-20 targets in advance of the negotiations at EU level testifies to Germany's considerable expertise in this field. Besides, the country gained additional knowledge and expertise by realizing a research project on the topic unter the title: “Legal evaluation of an Introduction of a Trade Mechanism in Certificates, both Mandatory and Voluntary, in EU-27 for Renewable Energy in relation to European Rules on Internal Market for Electricity and European Principles of Free Movement of Goods, Proportionality and Subsidiarity” (cf. Futterlieb/ Mohns 2009, p.56). Together with the leadership role during the German Council presidency in 2007, which was still very much present in the minds of its European neighbors, and the fact that the IEKP confirmed the country's ambitious climate policy and its will to really implement the 20-20-20 goals, its comprehensive expertise enhanced its legitimacy and thus its immaterial resources in general. This, in turn, enabled the country to boost its bargaining power in the negotiation process and to better assert its interests. Hence, “the German Federal Government became the forerunner of the process“ *[Die Bundesregierung wurde damit zur Vorreiterin des Prozesses]* (Fischer 2017, p.235) to formulate the Directive at EU level and played a shaping role.

This became evident regarding the second dimension of RED I, the steering method. In general, a distinction can be made between two different approaches: Feed-in tariffs (FIT) and green certificates, which are also known as guarantees of origin. Whereas the former are an instrument for technology-development, the later are considered to be a market tool (cf. Futterlieb/ Mohns 2009, p.10f.; Kosinowski/ Groth 2011, p.22f.). Thus, feed-in tariffs work on the price by granting power producers a government-fixed amount for feeding in electricity from renewable energy sources (RES-E). This price is usually designed to be degressive, i.e. it decreases over time which provides incentives to invest in and further develop green technologies in order to produce more cost-efficiently. The certificate system, on the other hand, aims to promote regenerative energies by providing producers with a certificate for feeding a certain amount of RES-E

into the grid. Later on, they can sell those green certificates to other suppliers (cf. Futterlieb/ Mohns 2009, p.10f.; Kosinowski/ Groth 2011, p.22f.).

In its draft, the Commission has now proposed the introduction of an Europe-wide certificate system in order to achieve the harmonization of the national schemes within the EU. A project that it had been pursuing for some time (cf. Boasson/ Wettestad 2013, p.89). Germany opposed the idea of guarantees of origin because it would have meant that the EU could influence the national steering method in the field of renewables. Germany, however, wanted to prevent this kind of interference in national governance at all costs for it didn't want to jeopardize its successful and well-functioning domestic scheme. The introduction of certificate trading would have led to precisely this result, though for it would only represent a competition to the existing feed-in tariffs and would ultimately lead to their abolition. Hence, Germany made the defense of its national technology-based approach, which was based on the EEG and the feed-in tariff, the focus and main goal of its negotiation strategy (cf. Fischer 2017, p.253; 270; Futterlieb/ Mohns 2009, p.57).

The German position is clearly expressed in a statement regarding the policy debate on the climate and energy package in the Environmental Council when the country's delegation declared:

> "Germany is critical of the system of private trading in guarantees of origin proposed by the Commission. The proposed approach of combined trading at Member State level (after meeting interim targets) and at company level seems impracticable, is a threat to existing feed-in systems and would encourage companies to shop around for support, thereby leading to a considerable additional burden on the consumer and a decrease in EU competitiveness" (Council of the European Union 2008, p.3).

To still comply with the Commission's invitation for an EU-wide cooperation in order to reach the renewables goal, Germany proposed flexible mechanisms instead which leave it up to the states themselves to decide what level of harmonization they want. These mechanisms include "the use of joint projects (similar to JI projects), cooperation agreements between several countries on meeting targets, or the voluntary introduction of a trading system between private persons" (Ibid, p.4). Ultimately, they can also be found in RED I. Hence, the directive outlines in Article 6 to 11 statistical transfers, joint projects as well as joint support schemes as possibilities to strengthen the cooperation between the European member states (cf. European Parliament and Council 2009b), Article 6-11). Thus, "[c]oncerning the steering method, the technology development versus market dimension, the directive clearly leans towards technology development" (Boasson/ Wettestad 2013, p.80). This means that Germany was able to successfully assert its position in the negotiation process and - in collaboration with other actors that were opposed to the certificate trading scheme - to cause the Commission's harmonization efforts to fail.

Tracing the legislative process leading to the Renewable Directive, Germany's role as a shaping actor becomes clearly visible. Opposition to the introduction of green

certificates was already voiced during the first Council debate on the 28th of February and the 3th of March on part of various member states. Hereby, the strongest opposition came from Germany, which took a clear stand against the certificates and strongly advocated for the protection of the EEG in the Council and before the Commission. And also Spain and Poland expressed their concerns. During the workshop on International Feed-in Cooperation on the 7th and 8th of April, Poland and Germany together with Great-Britain, that showed a fundamental shift in its position for it originally has been the main promoter of the market idea, started a serious exchange process in order to find alternatives. Hereby, they were backed by the European Parliament, where - under the leadership of Claude Turmes - resistance to the Commission's proposal began to form as well as by scientific studies. These confirmed the concern of the opponents that the guarantees of origins would ultimately undermine the existing FITs and therefore advocated for feed-in tariffs as the more efficient method in general (cf. Futterlieb/ Mohns 2009, pp.42-45; 57).

At the end of May, the three-country coalition finally published the so-called “joint proposal“. This joint paper, whose wording was mainly influenced by Germany, was the decisive turning point in the legislative process in favor of the opponents. Thus, the fact that Great Britain and Poland, both of which had no feed-in tariffs themselves, had joined the coalition against the green certificates was a clear signal and convinced other countries like Slovenia, Latvia and Denmark to change their position. This ultimately caused a shift in the majority ratio in the Council. Hence, no blocking minority against changes to the Commission proposal existed anymore. This growing resistance both in the Council and the Parliament brought the Commission to change its position and opened the door for informal trilogue negotiations between the three European Institutions from October until December. These negotiations finally resulted in an agreement for the adoption of the flexible mechanism proposed in the joint paper (cf. Ibid. p.77f. 86f.; Vogelpohl/ Ohlhorst/ Bechberger/ Hirschl 2017, p.52). Hence, Germany imposed its interests one more reaching its two main goals regarding the design of RED I: Preventing the EU from exerting influence on the national steering method on the one hand and uploading the German model based on ambitious targets for the promotion of renewable energies as well as a technological-based approach to the EU level on the other hand

Hereby, it is further worth mentioning that - in contrast to the other directives of the climate and energy package such as the revised EU ETS Directive discussed in Chapter 6.2 - the main points of contention regarding RED I were already clarified in the negotiation process prior to the Council Summit in 2008 and that they didn’t have to be resolved at the highest level by the heads of states and government. Thus, it can be stated that the directive wasn’t part of any horse-trading or package deals for which the EU is famous and that in general, “the overall importance of bargained interaction was low“ (Boasson/ Wettestad 2013, p.99f.).

Hence, although the institutional setting left Germany less possibilities to influence the bargaining process due to the adoption within the co-decision procedure and the lack of negotiations in the European Council, the country still could play a shaping role. This is not least attributable to its structural resources. Those were not only considerable in all areas in 2008 (cf. Chapter 3) but also in the specific field of regenerative energies which made the country a powerful actor in the field of renewables at the time. Especially the country's immaterial resources have to be mentioned here. Thus, its expertise and legitimacy was not only based on the fact that the country has already played a leadership role regarding renewables since the turn of the millennium and that it could already look back on a comprehensive set of policies on renewable energy as we have seen further above, but they were also increased by its booming climate protection industry as shown in Chapter 3.2.

In addition, Germany is not only the biggest country as well as the largest economy in the EU and its general legitimacy right at the beginning of the Eurozone crisis wasn't that contested yet, but it also had considerable environmental resources at the time. Hence, by already having produced 96 terawatt-hours fro renewable energy sources in 2009, it was the largest producer of green electricity within the EU and the third-largest worldwide (cf. Statista 2020; Jerzy 2020). And also the country's institutional resources deserve a closer look. Hence, the use of a weighted decision rule in the Council was particularly beneficial to Germany in the case of the Renewables Directive for the country already accounted for 8,4% of the total votes, although its overall voting power was decreased by the triple majority that was in force at the time. This made it easier for the opponents of the guarantees of origins to prevent a blocking minority especially after Great Britain, another major member states in terms of institutional power, joined the coalition.

7.2. The evolution of Germany's cognitive leadership between 2000 and 2015

Expanding the analysis period, it can be noted that Germany has successfully implemented its strategy based on uploading its model while limiting the influence of the EU not only with respect to RED I but also regarding the entire period between 2000 and 2015. Hence Vogelpohl and his colleagues state: "More than uploading the pioneer policy at the supranational level in the sense of pacesetting, Germany managed to fend off EU-wide harmonization against its own domestic policy approach with the goal of avoiding potential adaptational costs" (Vogelpohl/ Ohlhorst/ Bechberger/ Hirschl 2017, p.59).

And indeed, the German model can be described as pioneering in general and the country itself as a frontrunner in the field of renewables since the turn of the millennium. This is in particular due to the famous German energy transition *[Energiewende]* that envisages the complete restructuring of the energy system away from fossil and nuclear

power towards regenerative energy sources[10]. Thus, - together with Denmark - Germany was the first country in the EU to introduce a feed-in tariff, that came into force on the 1st of April 2000 within the framework of the famous EEG. The German FIT soon showed to be efficient for it not only included a fixed price with a degressive character but also a feed-in priority and the EEG levy. Those aspects ensure that RES-E is given preference in terms of feed-in and that all German electricity consumers - with some controversial exceptions - collectively help to finance the promotion of energy from renewable sources by paying for the difference between the government-set and the actual price (cf. Bardt 2017, p.21). In addition, the country gradually introduced other policies such as the IEKP in order to advance its energy transition (cf. Chapter 7.1.)

Besides, the German government backed up its comprehensive policy framework in general and the EEG in particular by ambitious climate targets, that were important incentives, as well as targeted and "well-directed" support for investments in clean energy. Those measures led not only the emergence of a renewable energy market and thus a fast increase of the share of RESE-E in energy consumption but also stimulated a veritable innovation boom. Hence, a rapidly growing climate protection industry in Germany was born establishing the country as market leader regarding the Greentech sector (cf. Chapter 3). Besides, this development was accompanied by an employment effect for it entailed the generation of around 1 million new jobs by 2013[11] (cf. Jänicke 2017, p.122; 124).

The German model can therefore certainly be considered successful. The country did not only achieve its climate goals - Germany reached the 21% Kyoto target already in 2007 - but it also showed that climate protection and economic growth can be combined and do not have to contradict each other. Hence, Germany's economy did not experience the feared collapse despite or precisely thanks to the energy transition - although the financial costs are definitely high - for it has managed to create economic co-benefits through the emergence of the climate protection industry. It therefore showed that an energy transition cannot only be economically feasible, but that it can even have positive effects on the national economy. Some scholars such a Jänicke even call it Germany's "economic success story" (Ibid. p.121).

This, in turn, increased the attractiveness and reputation of the German model both within the EU and at the international level and - precisely as Joachim Schild describes (cf. Chapter 2) - helped the country to upload certain of its features to the European level. This so-called demonstration effect shows itself in the fact that many of its European neighbors took Germany as an inspiration and adopted the technology-based approach. For instance, another 18 European countries had introduced feed-in tariffs by

[10] Some scholars use the term "Energiewende" only to refer to the period after Germany's decision to phase out nuclear power in 2011. For the most part, however, it is used to describe the entire transformation of the state's energy supply sources which started as early as 2000.

[11] However, it has to be mentioned that the employment effect is lower if the loss of jobs in the traditional power sector is taken into account.

2008 - compared to only 7 states with a certificate trading scheme - making the technology-based approach the most widely used in the EU (cf. Kosinowski/ Groth 2011, p.22). And more generally, the German “Energiewende“ is often referred to as a potential model for other countries (cf. Folkerts-Landau/ Schneider 2016, p.9).

Besides, being the first country in implementing an overall energy transition, Germany (had to) built up an unique stock of knowledge, both on how to deal with the overall political, social and financial challenges arising from such a far-reaching transformation as well as regarding the technical questions. By drawing from this great deal of expertise, other countries upload the German model in an indirect way as well. Jänicke sums it up very well by concluding:

> “Germany´s leadership role in international climate politics can be largely characterized as *leadership by example*: an interaction of demonstration effects and ‚lesson-drawing‘. This includes the adoption of policy-instrument like obligatory feed-in tariffs *(Einspeisetarife)* but partly also lessons from challenges arising during the implementation of this ambitious policy (e.g. costs, NIMBY phenomenon[12], and the resistance of neighboring states […] against the export of green electricity). The overall policy outcomes demonstrate the general feasibility of an energy transition […] and a broad potential of economic co-benefits (Jänicke 2017, p.114).

Furthermore, - in order to finish the thought regarding Schild - what shouldn’t be forgotten is that the success of the German model as well as its expertise increased Germany's immateriell resources and thus its bargaining power in the negotiation processes regarding renewable energy policy in general helping the country therefore indirectly to upload its ideas on the EU level.

While Jänicke speaks of “leadership by example“ and other scholars of “a pioneering role in promoting RES“ at the European level (Vogelpohl/ Ohlhorst/ Bechberger/ Hirschl 2017, p.59), this paper prefers to use the term “cognitive leadership“ in accordance with the theoretical framework outlined in Chapter 2. For in the case of regenerative energy, the German role can certainly be called transformational. Not only did the country initiate a radical structural change by restructuring its energy industry in order to achieve the transition from traditional energy sources to renewables, but it also expanded the common knowledge of the group by being the frontrunner in this field. Thus, the country established new policy instruments such as the feed-in tariffs and showed how to deal with the challenges arising from the *Energiewende.*

Besides, the energy transition wasn’t just implemented without a theoretical basis for it was linked to the pioneering ideational approach of “ecological modernization“ *[ökologische Modernisierung]*. This concept envisages the promotion of environmental protection without jeopardizing economic growth and domestic jobs. Hereby, the strategy to reconcile ecological sustainability with economic profitability and social justice is based on driving resource-efficient innovation forward. Thus, the focus

[12] NIMBY (Not in my backyard) describes the opposition of the local residents against changes in their neighborhood, e.g. the construction of a new wind turbine.

is set on the development of new technologies that not only have a positive impact on the environment but also entail co-economic benefits such as innovation, employment effects or reduced production costs; just as Germany has succeeded in doing in the field of renewables thanks to its technology-based approach. Nowadays, “ecological modernization“ has become a well-known and widely used concept, also known under the terms “green growth“, “green development“ or “eco-innovation“ (cf. Jänicke 2020, p.13f.; Grasselt 2016, p.199).

Originally, though, the concept took its starting point in Germany, where the Red-Green coalition identified ecological modernization as “the big opportunity to protect the natural bases for living and create more work“ *[Die ökologische Modernisierung ist die große Chance, um die natürlichen Lebensgrundlagen zu schützen und mehr Arbeit zu schaffen]* and thus introduced it as the main political formula for its climate policy in 1998 (SPD/ Bündnis 90/ Die Grünen 1998, p.13). The first government under Angela Merkel took the same path and further developed the concept of ecological modernization into ecological industrial policy *[ökologische Industriepolitik]* from 2005 onwards. The BMU describes it as follows:

> “The cornerstone of a model of sustainable development must be a ‚third industrial revolution‘ centered on energy and resource efficiency. Instead of playing economy and ecology up against each other, it must finally be understood what economic potential the necessary ecological structural change has: New growth, new value creation, new products and processes and new employment are possible. For this, we need an ecological industrial policy. It must adapt our industrial structures to meet the ecological and economic challenges“ *[Dreh- und Angelpunkt eines Modells nachhaltiger Entwicklung muss eine „dritte industrielle Revolution“ werden, in deren Zentrum die Energie- und Ressourceneffizienz steht. Statt Ökonomie und Ökologie gegeneinander auszuspielen, muss endlich verstanden werden, welche ökonomischen Potenziale ein notwendiger ökologischer Strukturwandel hat: Neues Wachstum, neue Wertschöpfung, neue Produkte und Verfahren und neue Beschäftigung sind möglich. Dafür brauchen wir die Ökologische Industriepolitik. Sie muss unsere industriellen Strukturen auf die ökologischen und ökonomischen Herausforderungen einstellen]* (BMU 2006, p.8).

In this form, the concept has been the German leitmotif for its climate policy since then and has also spread throughout its neighboring states. Also the EU´s new climate and growth strategy, which the Commission launched under the catchword “European Green Deal“ in 2019, is based on the German concept of ecological industrial policy. Thus, it does not only have a similar name to the BMU report, that was cited above and that called for a “New Deal“ as well, but is also similar in content in many respects. Hence, the European Green Deal, that is a major investment, legislative and policy package, envisages to “transform the EU into a fair and prosperous society, with a modern, resource-efficient and competitive economy where there are not net emissions of greenhouse gases in 2050 and where economic growth ist decoupled from resource use“ (European Commission 2019, p.2). In order to deliver this green transition and to combine economic growth, environmental protection and the social component of the triad, on which also ecological modernization is based, the EU is relying, inter alia, on

the German strategy to promote a “third industrial revolution“ as well as investments in innovation and research (cf. European Commission n.d. c).

In view of the fact that Germany has managed to combine environmental protection with the emergence of a successful climate protection industry, it must be pointed out that the promotion of ambitious goals and an ambitious environmental policy at the EU level is not and has never been purely altruistic and not only directed at saving the planet. Instead, Germany is also interested in increasing the exports of its Greentech sector and thus in supporting its domestic industry. The OECD for example notes: “Germany is engaged in several initiatives to draw the maximum benefits and opportunities from globalization to address environmental problems while boosting its environmental industry sector“ (OECD 2008, p.46). The strong German economic interests and in particular its leitmotif to increase exports in order to enhance economic growth (cf. chapter 2) can therefore also be found in the field of environmental protection.

Hereby, the German frontrunner role gave the domestic Greentech sector a competitive advantage. Hence, the experience gained through rich lesson-drawing led to a "technical progress in power generation from renewable energy, the integration of volatile sustainable energy sources into the grid as well as the coupling of power, heat and mobility solutions, that give German suppliers an edge in know-how and experience on international markets“ (Eckermann 2020, p.83). And this advantage has to be preserved. On the other hand, this also means that Germany is only open to certain technologies if they correspond to its own solution approach and are part of the domestic green tech scene. Hydrogen or nuclear solutions are thus not negotiable with the country at the international level (cf. Geinitz 2021).

In promoting German Greentech and, more generally, in uploading its concept of ecological modernization and its energy transition to the international level, the country's structural resources have been central. Hence, without its economic power, its innovation capacity, that is mainly driven by the SME´s mentioned in Chapter 2, and its political visibility as a major player on the European and the international level, it would have been for difficult for Germany to take on its cognitive leadership role (cf. Jänicke 2020, p.114).

However, the exemplary nature of the German energy transition has been questioned by its European neighbors over time and it is debatable if Germany still takes on a frontrunner role by 2015. Two things in particular have contributed to this development. First of all, Germany decided to phase out nuclear energy until 2022 as a consequence of the nuclear accident in Fukushima in 2011. This “historic event and historic decision“ (Dohmen/ Jung/ Schultz/ Traufetter 2019) was a U-turn by the German government and controversial not only within the country but also in the EU, especially among the technology-neutral countries such as France or Great Britain. Thus, the nuclear phase-out was an unilateral action that hasn’t been discussed or coordinated with the other European member states. Shortly after the much debated role of

Germany during the Eurozone crisis, Germany's neighbors considered it therefore as another sign for a changing German EU diplomacy away from consensus-seeking and toward a normalization of the country. Thus, while the French Centre d´analyse strategique (CAS), a body for research and expertise under governmental authority, describes the nuclear phase-out relatively neutral as "the result of a sovereign decision not without risk to the equilibrium of the European Energy policy" (CAS 2012, p.12), some European officials in Brussels went so far as to call the federal government's actions "narcissism and autism" *[Narzissmus und Autismus]* and to accuse Germany of "creating a real clash" within the EU *[die Heraufbeschwörung eines richtigen Clashs]* (cf. Fischer 2017, p.325). And Guérot notes as well:

> "In another policy field, namely energy policy, […] a similar pattern can be identified: a German idiosyncrasy that is not coordinated with its European partners. For many of its European neighbors - as well as for the US - the German energy transition is a poorly thought-out idea, whereby gloating and the concern that Germany could fail oscillate" [*In einem anderen Politikfeld, nämlich der Energiepolitik […] ist ein ähnliches Muster erkennbar: eine deutsche, nicht mit den europäischen Partnern abgestimmte Idiosynkrasie. Die deutsche Energiewende ist für viele europäische Partner – wie auch für die USA – eine wenig durchdachte Idee, wobei Häme und die Sorge, Deutschland könne scheitern, oszillieren]* (Guérot 2015).

Eberhard Umbach, expert on energy issues and member of the scientific initiative "Energy Systems of the Future" (ESYS), confirms that the assessment of the German energy transition by other countries has reversed after 2011: From previous admiration to a more skeptical view as well as the perception that other countries are ahead of Germany in the fields of renewables (cf. Dohmen/ Jung/ Schultz/ Traufetter 2019).

Next to the unilateral decision to phase out nuclear energy, this new assessment is due to the fact that the weaknesses of the *Energiewende* are becoming more and more evident. Hence, its record is "mixed, and very troubling" because the energy costs are exploding and it seems that important stakeholders such as the major electricity utilities are increasingly sacrificed. In addition, central regulations such as the EEG are reformed in an unambitious manner. They include insufficient expansion targets for the different types of renewable energy sources as well as complicated special regulations or reduced feed-in tariffs such as in the case of solar energy in the amendment of the EEG in 2012 (cf. Sturm 2020, p.172; Grasselt 2016, p.187).

And most importantly, all this is taking place without meeting the reduction targets although Germany - with a share of around 30% in 2015 regarding RES deployment for power generation - was successful in promoting the use of renewable energies in Germany (cf. Kunze/ Lehmann 2019, p.255). However, between 2010 and 2015 - with the exception of 2014 - the GHG emissions have increased every year (cf. Chapter 3). Next to the increasingly unambitious national policies at the time (cf. Chapter 3), this was due to the fact that the phase-out of nuclear energy until 2022 resulted in the renewed fall back on fossil fuel power stations. These are planned to keep going until 2038. Hence, taking stock of the German Energiewende, it can be said that the country

is doing well regarding the first pillar of the energy transition, namely to set up new renewable capacity. However, with respect to the second pillar - phasing out fossil power plants - there is need for improvement for “coal-fired generation has been thriving“ by 2015 (cf. Kunze/ Lehmann 2019, p.261).

Another development that highlights the dangers of the German technology-based energy transition model is the fact that Germany's supremacy in the Greentech industry is at stake. Thus, the country’s leading role is threatened by growing competitive pressure from China, weakened innovation strength due to an increasingly unambitious national policy in the field of climate politics as well as economic problems in some areas such as in the field of photovoltaic systems. Especially the collapse of this sector and the subsequent job losses have intimidated other countries (cf. Chapter 3).

7.3. Interim conclusion

In conclusion, it can be said that Germany not only strongly influenced the renewable energy policy both of the EU and the European member states but that it thereby also took a position in favor of promoting renewables. By thus meeting both mandatory conditions for leadership as described in Chapter 2, the country ultimately brought European climate protection forward and can therefore be called a climate leader in the field of regenerative energies. This applies to both the Directive 2009/28/EC and to the promotion of energy sources from renewables more generally, even though the latter can be subject to discussions after 2011.

To be more specific, Germany is a pioneer in the field of regenerative energies by initiating its famous “Energiewende“, that entailed a comprehensive set of policies such as the „Renewable Energy Sources Act“ *[EEG]* or the „Integrated Energy and Climate Program“ *[IEKP]* as well as new instruments such as feed-in tariffs, as early as around the turn of the millennium. Besides, the German energy transition is backed up by ambitious climate targets, coupled with a technology-based approach and influenced by the concept of “ecological modernization“, which describes the idea of combining ecological sustainability with economic profitability and social justice by driving innovation forward. And this German approach proved to be successful: It not only promoted renewables but also led to the emergence of a prosperous green tech sector and thus showed that it is possible to combine environmental protection with co-economic benefits.

Consequently, - exactly as Schild describes (cf. Chapter 2) - the success of the German model increased its attractiveness and helped the country to upload the “Energiewende“ to the European stage. This happened directly over the RED I as well as indirectly through lesson-drawing and demonstration effects and involves two dimensions, the ideational sphere on the one hand and the practical one at the other hand. Hence, the country firstly introduced the word „Energiewende“ in its Europan neighbors´ vocabulary

and helped to bring the importance of promoting renewable energies and of ecological modernization into the consciousness of the countries and to push them forward. This becomes evident, for instance, through the current discussions about the European energy transition and the Europan Green Deal. And secondly, Germany also uploaded its model for an energy transition practically, i.e. it made its technology-based approach, the corresponding policies and instrument and its solutions to deal with challenges arising from it popular. In conclusion, it can be thus stated that Germany showed cognitive leadership in the field of renewables by introducing new sets of ideas and new policy instruments and by thus expanding the common knowledge of the group.

However, it is debatable if the country qualifies as a climate leader to 100%. Hence, Germany's credibility and cognitive leadership role was challenged after 2011 because the country decided unilaterally to phase out nuclear energy, thus moving away from its consensus-oriented EU diplomacy, and because the weaknesses of the German model became more and more visible. In can therefore be concluded that the country has lost influence from 2011 onwards and that its impact was greater in the first decade of the 21st century. In addition, it must be noted that the country's leadership role has also consistently served to advance its economic interests. Hence, its ambitious promotion of renewable energies was also directed at boosting its national climate protection industry, thus reflecting the German leitmotif to increase exports in order to enhance economic growth (cf. Chapter 2).

With respect to the Renewable Directive, Germany can be called a green leader as well. Regarding the first dimension of RED I, namely the degree of centralization, the country thus advocated for a stronger centralization through national mandatory targets and stronger reporting obligations via national action plans, which both reflect in the outcome. Besides, Germany also succeeded in shaping the steering method, that was the second dimension of the RED I and the country's primary focus in the negotiations. By pushing through flexible mechanisms instead of guarantees of origins, Germany was able to cause the Commission's efforts to introduce a certificate trading system to fail and managed to upload its technology-based approach instead. Hereby, it must be noted that the German approach was not the most European one because - unlike the market idea - it did not entail a harmonization of the different national schemes. Hence, it is debatable if the country can be called a leader with respect to the steering method for, strictly speaking, it was not pushing European integration forward. However, against the background that the majority of experts at the time confirmed that feed-in tariffs were the most efficient and most promising solution, one can raise once again the question of whether more European integration is always preferable (cf. Futterlieb/ Mohns 2009, p.48). Therefore, the country is nevertheless called a green leader regarding the RED I in this thesis even though Germany certainly aimed at limiting the EU´s influence on its domestic steering method.

With respect to the second component of the thesis´ definition of leadership, namely the style of leadership as well as the role of the influential factors, Germany's entrepreneurial leadership becomes clearly visible. Thus, the country was the driving force of the opposition against the guarantees of origins from the beginning and managed - by starting an exchange process in order to find a compromise and by forming a coalition together with Poland and Great-Britain - to change the majority ratio in the Council. Hereby, the joint paper published by the three-country coalition was the decisive turning point. Although the institutional setting left Germany with fewer possibilities to influence the bargaining process due to the adoption within the co-decision procedure and the lack of negotiations in the European Council, the country was able to exercise its entrepreneurial leadership and to assert its interests thanks to its considerable resources at the time. These include above all its credibility and expertise which are based on the fact that Germany has played a cognitive leadership role in the field of renewables since the turn of the millennium and that it had a comprehensive set of policies in place, such as the IEKP in order to implement the Council's 20-20-20 targets in advance. And also its economic, environmental and institutional powers shouldn't be neglected here.

	Directive 2009/28/EC	**European renewable energy policy between 2000 and 2015**
Mandatory condition 1: Pursuit of European climate interests	Yes; Germany advocated for: - Centralization through mandatory national targets and stronger reporting obligations - Technology-based approach as most efficient steering method	Yes - Frontrunner in promoting renewable energies since 2000 - Conception and successful implementation of the „Energiewende" and of ecological modernization
Mandatory condition 2: Visible impact on policy outcome	Yes - Centralization reflects in directive - Technology-based approach prevails over market approach	Yes - Bringing the idea and the importance of an energy transition and of green growth to awareness - Uploading its model based on the technology-based approach to the EU level
—> climate leadership?	Yes; However: - Aiming at limiting the EU´s influence on the domestic steering method	Yes; However: - Pursuing interests of the national greentech sector - Leadership role after 2011 is challenged
Style of leadership	Entrepreneurial leadership - Coalition building with Poland and Great-Britain - Exchange process to find a compromise	Cognitive leadership - Introduction of new ideas and new policy-instruments

	Directive 2009/28/EC	European renewable energy policy between 2000 and 2015
Influencing factor 1: The institutional setting	Institutional constraints due to: - Co-decision procedure - No involvement of the European Council	-
Influencing factor 2: Germany's structural resources	Considerable resources: - Germany as a heavyweight in the EU considering its resources in all areas - Especially strong resources in the field of renewables based on a high degree of legitimacy and expertise as well as strong environmental resources	Considerable resources based on: - Germany´s innovation capacity, economic strength and political visibility - Its immaterial resources

Table 8: The German role regarding the promotion of renewable energies. Source: Own elaboration.

8. Conclusion and outlook

Having applied a theory of political leadership to the German role in European climate policy, it can be concluded that Germany is much more than a symbolic leader in this field. Quite to the contrary, the country can be called a climate leader to a significant degree for it contributed to the emergence of a comprehensive climate and energy policy in the EU and, in addition, shaped this framework considerably. Germany's green leadership is particularly evident in the area of renewable energies as well as regarding the definition of an overall European strategy in the field of climate policy, that includes above all the setting of climate targets. Thus, Germany managed to upload its approach for greater climate protection, which is based on ambitious targets and a high degree of centralization without entailing harmonization, to the European level. Besides, the country not only brought the importance of an energy transition and of green growth into the consciousness of the European member states but also asserted itself with its domestic model, i.e. the "Energiewende", for implementing those ideas practically. Hereby, it can be stated that Germany's leadership style was above all entrepreneurial. With respect to the field of regenerative energies, though, the country clearly showed cognitive leadership as well.

However, even though Germany co-determined the main and still valid principles of European energy and climate policy, German climate leadership is to be viewed under three limitations. Firstly, the country can't be considered a green leader with respect to the EU-ETS. In this field, the country didn't meet any of the two mandatory conditions for leadership for it couldn't shape the outcome of the negotiations nor did it aim at advancing European emission trading due to domestic interests. Secondly, the

representation of national interests has also always played a central role regarding the two other case studies. Thus, the country not only advocated for a less ambitious policy and for the principle of non-interference when a considerable institutional misfit and higher adaptation costs were to be expected, but it also partly promoted a stricter European climate policy in order to support its domestic climate protection industry and its export-based economic model. It is therefore debatable wether Germany qualifies as a green leader to 100%. And thirdly, Germany's climate leadership decreased over time. Hence, the country had greater influence in 2008 than in 2014 as the negotiation process regarding the 2030 climate and energy framework as well as its decreasing cognitive leadership in the field of renewables show.

Differences with respect to the level of leadership can be hereby explained in part by changes in structural resources and in the institutional setting. Hence, the assumptions of the theoretical framework can be confirmed insofar as these influential factors could be identified as important aspects that limited or enhanced German leadership regarding European policy on climate change. More specifically, the involvement of the European Council and especially the Council Presidency were central institutional advantages. Besides, Germany's role as the EU´s heavyweight, that the country has consistently held from 2000 and 2015 despite slight changes in its economic, environmental and institutional resources, was mostly helpful in increasing its bargaining power. As can be seen with the other factors as well, though, this role alone was not always sufficient as for example the EU ETS indicates. And also the level of Germany’s environmental legitimacy and credibility showed to play an important part as can be observed above all in the case of renewable energies.

However, it must be noted that the exact degree of influence of the institutional setting as well as of Germany's structural resources is difficult to determine. In addition, also other aspects, that aren’t part of the theoretical framework, could be identified as further key factors affecting German leadership. These include above all the preferences and positions of other countries - for instance, the Eastern enlargement showed to be a constraint for the CEE states mostly emerged as the biggest critics of a stricter climate policy - as well as the external environment. Hence, it would be not only worthwhile to expand the theoretical framework and to further investigate these factors in relation to the German role in the European policy on climate change but also to closely follow the future decision-making process in this field. Thus, it is one of the most dynamic policy areas in the EU and new developments such as the adoption of the “Fit for 55 Package“ or proposals for a fair transition towards climate neutrality are constantly on the horizon.