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To the point!

Cross-Asset- and Strategy-Research

Climate policy must remain a priority

The new German coalition lacks vision and drive in climate policy

On Wednesday, the German Chancellor Friedrich Merz delivered his first government statement. In many respects, it was an impressive speech that radiated confidence. Particularly noteworthy were the firm commitments to deeper European integration and unwavering support ("without any ifs or buts") for Ukrainians, who are bravely fighting for our shared values and freedom. Merz made it clear that Germany is not a "neutral third party" in this conflict and rightly pointed out the multidimensional aggression from Putin's Russia – from cyberattacks to espionage to targeted disinformation – with the intention of undermining societal cohesion.

Merz also struck the right chords in his economic policy statements. The notion that Germany will once again become the "growth locomotive" that the world "looks upon with admiration" seems firmly anchored in the realm of wishful thinking, given the numerous growth impediments documented by [LBBW Research](#). Nevertheless, overall, it was a strong speech.

Failure in the new German climate policy

However, on one topic, climate policy, the Chancellor, who belongs to the conservative CDU party, fell short of the already low expectations. To make it clear once again: it's not about protecting the climate. It's about protecting people who are exposed to the climate. Because the climate doesn't care how hot or cold it is, and whether there are droughts or floods.

In his approximately one-hour speech, the Chancellor dedicated just one minute to climate protection. He spoke vaguely of "new paths" and "non-ideological" and "technology-open" policies. What lies behind these platitudes remained unclear. Instead of

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Merz hits the nail on the head with his security policy

Climate as a marginal issue in the government statement

advancing the expansion of renewable energies, the new German government is speculating on CO₂ storage. It seemed Merz was primarily focused on lowering energy prices in the climate and energy topic. The fact that effective climate and energy policy also reduces the security risks to which Merz rightly devoted so much space in his speech seems not to have been internalized by the government coalition of the conservative parties CDU and CSU and the social democratic SPD, despite the experience of the gas shock following Russia's attack.

But even in another pet topic of the Chancellor, namely migration, effective climate policy can play a supportive role. Few regions of the world are expected to be as severely affected by droughts and water shortages as North Africa and the Middle East. When livelihoods collapse there due to climate change, where will the local population migrate to?

Some like it hot? Welcome to Europe!

Once again, this year the weather phenomenon of the Ice Saints failed to show up – did Mamertus, Cold Sophie, and their pals perhaps fail to appear due to newly tightened border controls in Germany? In the first quarter, the average temperature in Germany was about two degrees higher than the long-term average, accompanied by a persistent lack of precipitation. Eight of the ten hottest years ever recorded occurred in the past decade. 2024 was the hottest year of all time in Germany and Europe, yet again (see figures). Extreme weather events are rapidly increasing due to the changing climate – even in Germany.

This is not ideology. This is science. Germany must adjust its climate policy because [the economic costs](#) of climate change will continuously rise. If it indeed comes to that, Merz will have to kiss his economic miracle goodbye.

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Fig. 1: Average annual temperature Germany (°C)

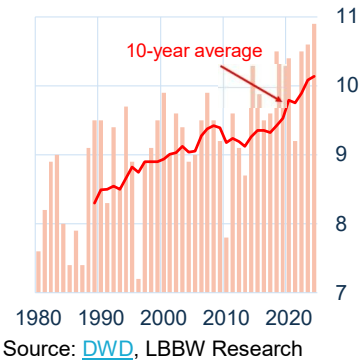
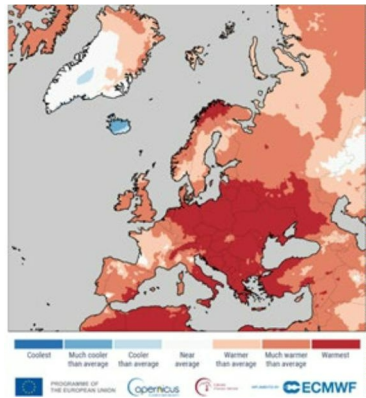


Fig. 2: Temperature deviations from the long-term average



Source: Copernicus.eu

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