

# “German Federal Elections 2013 and German-French Tandem in Europe”

## Implications for German-Czech Cooperation

Monday, 14<sup>th</sup> October 2013

*Venue: The Mirror Hall, Czernin Palace, Ministry of Foreign Affairs, Prague*

### **Panel I: German Federal Elections 2013: Interpretation of Election Results and Their Importance for German Politics, for Europe and for German-Czech Cooperation**

*Chair: Werner Böhler, Director of the Konrad Adenauer Foundation, Prague*

*Nico Lange, Deputy Head of the Department of Politics and Consulting, Konrad Adenauer Foundation, Berlin*

*Michal Vít, Researcher at Masaryk University, Brno*

*Stefan Heinlein, Representative for the ARD to Cairo and Prague, ARD-Studio, Prague*

*Adam Černý, Journalist for the economic daily “Hospodářské noviny”*

*Michal Kořan, Deputy Director at the Institute of International Relations in Prague*

**Mr. Kořan** officially opened the conference by stating that the results of the German elections left the rest of the world wondering about the magic available to Angela Merkel. Elsewhere we experience growing complaints about the lack of leadership, trust in politics, responsibility, and belief in the future, but Angela Merkel is able to generate, after 8 years in power, a support that clearly exceeds anything we have witnessed in a long time. Questioning the grounds of such success is important because it might yield a lesson. Mr. Kořan expressed gratitude to the organisers for the exquisite choice of topics for the conference, because all eyes are on Germany at this time. He explained that the second panel of the discussion would broaden the question, which is important because in his opinion, the question of the German-French tandem has been slipping out of the picture for quite some time, thus addressing the relationship between Germany and France will be a very important job for the next government.

The third panel was described as addressing the question of energy. Mr. Kořan pointed out that as always, we are witnessing some very fresh and interesting trends in that area; from general questions about the future of energy and environmental policies to debates about the EU’s energy package or to Brussels’ increasing self-confidence when it comes to dealing with firms such as Gazprom, which is a very recent development. Once again, there is no wonder that Germany is the key player in these questions. Mr. Kořan acknowledged that these questions are not easy to answer, and they will certainly not be answered at the conference; however, he expressed confidence that the participants and audience would come up with some very interesting angles during the debate. He expressed gratitude to the organizers for the clever mixture of participants, panelists, journalists, top-ranking officials, experts and representatives of the commercial world. He also thanked the Ministry of Foreign Affairs, and the long-standing and fruitful cooperation of the Konrad Adenauer Foundation with the Institute of International Relations, whose activities in the Czech Republic have led to a better understanding of Germany, creating a cooperative context for the Czech-German relationship. Finally, he handed over to Mr. Werner Böhler.

**WERNER BÖHLER**

*Director of the Konrad Adenauer Foundation, Prague*

Mr. Böhler made some introductory remarks regarding the results of the German elections of 22nd September. He then presented an overview of the most important results of the elections for the German Bundestag.

He pointed out that Germany had already voted, whereas parliamentary elections in the Czech Republic are still due. He indicated that a clear result of the German elections was Angela Merkel's and the CDU/CSU's victory. The extraordinary performance of the CDU/CSU surprised those who predicted the seeming end of the so-called Volkspartei in Germany, as a result of more than 41% was beyond the prognosis or forecast of research institutes. The final result was 41,5 %, which is an increase of 7,7 % in comparison to the last elections in 2009. The Social Democrats ended up with 25,7 % of the votes, which is an increase of 2,7 %, leaving them short of their own expectations. Their difference with CDU/CSU amounts up to more than 15 %, which is significant. Nevertheless, the Social Democrats follow CDU/CSU in second place. The Left obtained 8,6 %, losing 3,3 % of votes, their major losses being in the Eastern part of Germany. The so-called New Bundesländer is where the party still remains strong, having lost 12 direct mandates this week and being left with only 4 districts with a direct vote in Berlin. It was quite a shock for the Greens to reach only 8,4 %, thus ranking fourth. The Liberals, for the first time in their history, were unable to reach the 5 % threshold and were thus ousted out of the parliament with 4,8 %. The newly-founded Alternative for Germany, Alternative für Deutschland, achieved a similar result of 4,7 %.

Mr. Böhler identified the task for the parties that won the Deutsche Bundestag as negotiating and forming a stable government. This was also indicated as the starting point for the panelists, who throughout the following two hours covered the topics of the German federal elections of 2013, an interpretation of the election results, and their importance for German politics, the Euro and for German-Czech cooperation.

**NICO LANGE**

*Deputy Head of the Department of Politics and Consulting, Konrad Adenauer Foundation, Berlin*

Mr. Lange gave a short analysis of the election results. He pointed out the importance of not only analysing the elections, but also of discussing German-French relations and the outlook on European and energy policies. He expressed a belief that German domestic affairs, Europe, and energy are the topics at the top of the new coalition's political agenda, and stressed the importance of increasing German-French talks in that context. Upon mentioning that, he named his presentation "CDU strong, Grüne weak, FDP out, AfD almost in: The German Federal Elections 2013 in a nutshell", pointing out that these are the main highlights of the elections. He gave a brief overview of the German parliamentary election system regarding the first and second vote, explaining that because of historical reasons, the results of the former inform the results. He pointed out the 5 % barrier of the German Bundestag, a result that quite many parties fell short of, meaning that up to 14 % of the votes given at the second vote will not be represented in the parliament. Regarding the constitution of the parliament, the CDU/CSU reached 311 seats, which was 5 seats short of the absolute majority, leaving it with two possibilities – setting up a coalition with either the Greens or the Democrats. The coalition talks are expected to start within a week.

Mr. Lange raised several questions: Why is the CDU so strong? Why are the Greens so weak? Why did the Liberals move out of the parliament? Why was the new AfD almost in the parliament?

Starting with the CDU, he pointed out the behaviour of different age and socio-economic groups. The message was very simple: The CDU was able to win the elections in each and every age group, as well as in all the socio-economic groups represented in Germany. He underlined that this is the definition of a people's party. The CDU had thus demonstrated that people's parties are still possible, and that it is possible to win in each and every age and socio-economic group. Because of this result, it is no longer possible to say that people of a certain age and/or profession are more likely to vote for the CDU than others, because the CDU is very strong in every aspect. This is a very important message for the party itself. Mr. Lange identified one peculiarity, however. Women's votes reached 44 %, whilst men's reached 39 %, showing strong support for CDU from women in

Germany, which Mr. Lange attributed to Angela Merkel and her personality. Why was the result as good as it was for the CDU? A factor leading to this outcome was the perception of the economic situation in Germany. He acknowledged, however, the difference between the perception of the economic situation in society and the real economic situation as such. As shown in the statistics Mr. Lange presented, the outcome indicated a rather positive view of German society. The public's perception of the economic situation in Germany was as follows: 6% – very good, 65% – good, 21% – not so good, 7% – bad. The German economic and labour market situation was very important for the election campaign because the CDU was the only party to campaign on the basis that Germany is well off. On the contrary, some Left-wing parties, as well as the AfD, campaigned on the basis that Germany was in the deepest crisis in its history. Obviously this sentiment was not shared by voters, who felt that the economic situation in Germany is in fact good. Another factor that Mr. Lange attributed as contributing to the CDU's success, which is quite unusual, was how people evaluate the work of the Federal Chancellor and the Federal government. They strongly support the Chancellor as well as the government: before the elections, up to 80 % expressed that the Prime Minister is doing a good job, which is very unique, and it is Angela Merkel who helped achieve these numbers. The government also achieved a similar positive outcome, which made it difficult for other parties to create a mood for change. Germans' perceptions of the most important problems for German policy making – employment, salaries, the Euro and the financial crisis, pensions and social justice – were not surprising according to Mr. Lange, and they did not change throughout the entire campaign. Mr. Lange discussed which political parties are attributed with solving each problem, which was shown in a graph reflecting peoples' perceptions of the political parties' competencies. The CDU strongly led in the areas of the economy and employment, international politics, Euro, debt crisis and also education. Bearing in mind the combination of important issues for Germany, the CDU came out as the most competent party for dealing with these problems, and stressed these points in their campaign. Less emphasis was placed on topics such as energy, health care and pensions. Other parties were not able to shape the discourse towards the fields where they had their political competencies. Mr. Lange pointed out that there has never been in the history of German elections such a clear picture of the parties' competencies as we have at our disposal today. He also identified Angela Merkel as an obviously positive attribute of the CDU, and one that has been discussed many times.

Mr. Lange next moved on to the Greens' unexpected weakness. He ascribed this to the change in the Red-Green government, and the lack of possibility of a new Red-Green government because of the SPD. Just a few months prior to the elections, the Greens had a prognosis of up to 20%. When questioning German society about the Greens' failure, 43% replied that the Greens wanted to dictate how people should live their lives. An element that completely backfired for the Greens was their demand for a weekly vegetarian day at workplaces. In Mr. Lange's opinion, the Greens have little idea about who Germans are, infusing their egocentric perception and somewhat authoritarian style into the way they want to influence people's lives. He felt that the message conveyed at the Green Party congress was that one could feel better morally if one does not eat meat or smoke, and takes the bus, not a car. This kind of moral argumentation in politics, however, is something that is perceived very badly by Germans because they want to make their own choices. A second element that moved the Greens away from the interests of their own voters was their tax plan. Mr. Lange considers it well-known that both science and literature regard the Greens as an immature party comprised of well-off people who are now concerned about ecology, and other matters that are important for the Greens. The fear of increased income taxes was reflected in voters' behaviour – 0,5 million voters left the Greens for the CDU – on the account of the proposed tax plan. The Greens believed it was possible to demand that the Germans pay more taxes for infrastructure and public investment, but Germans voted otherwise.

Mr. Lange next moved on to the Liberals, stating that he found their relationship with the CDU particularly interesting. They were in the government together, and as previously mentioned, both the work of the Chancellor and the government was seen as very positive. However, this positivity was attributed to the CDU, and the Liberals were instead seen as negative. Thus, they were unable to translate their position in the government, the good economic situation, and the people's strong support of the government into a success. Mr. Lange associated this failure with the Liberals' personnel; their representatives had always been ranked amongst the least popular politicians (Mr. Lange specifically mentioned Philipp Rösler and Rainer Brüderle). He believed it would have been smarter of the Liberals to have conducted personnel changes before the elections, believing that it could have altered the outcome. Of those who had voted for the Liberals, only 51% voted by conviction. The other half, almost 46%, voted for tactical reasons, e.g. because they wanted a coalition between the CDU and the

Liberals. It was also common among German voters to give the first vote to the CDU and the second vote to the Liberals. Tactical voters are very volatile, however, and they are unreliable in the case of a crisis in the party. The Liberals made the mistake of relying too much on tactical voters by campaigning on the second vote in the last week of the elections, and thus came short of the desired 5%. The Liberals have been in parliament for the last 60 years, and the party has also been in the government for the longest time. It is difficult to predict the German political landscape, but Mr. Lange expressed interest in seeing if any other party would open up for a more liberal position, and whether liberalism in the political sense will be represented in the German parliament at all. For the Liberal party itself, it would be extremely difficult to return without having the platform of the national parliament for the further development of positions. They will start off from the several Bundesländer where they are still strong, but Mr. Lange thinks there is a difficult way ahead for the Liberal party.

Mr. Lange started on the topic of the AfD by clearing up one stereotype he often encounters both in Germany and abroad, which is that the AfD might be something new to the right of the CDU, or that the AfD might represent disappointed conservatives. There are many arguments within the AfD itself refuting this, but the argument Mr. Lange stressed pointed to voters' behaviour. Where did AfD voters come from? The majority came from non-voters and from people who voted for other parties that were not previously in the parliament (there are many small parties in Germany). Thus, the AfD collected votes from the voters of small parties. By assessing what it took away from established parties, it can be concluded that the CDU/CSU is the AfD's biggest donor. Mr. Lange acknowledged that what can often be read in German press (e.g. Der Spiegel) is that the AfD poses a threat to the CDU, and that conservatives are leaving the CDU in favour of the AfD. However, judging by the voters' behaviour, this is simply untrue; there are more people leaving the Left party for the AfD – the former communist party in the GDR –, than from the CDU. Mr. Lange described this as the classic profile of a protest party, comparing it to similar protest parties in other EU countries. Therefore, Mr. Lange considered the AfD to be a protest party, not a party of disappointed conservatives.

Afterwards Mr. Lange commented on the meaning of the elections. He summarised that the elections showed that people's parties still exist, that the electorate is flexible and very volatile, and that the party landscape in Germany has shown new dynamics, ranging from new parties obtaining 0–5 % votes, to a 60-year old party in the parliament. Furthermore, the elections showed that the classic political camps no longer produce majorities; neither do the CDU and the Liberals, nor the Social Democrats and the Greens reach a majority. Thus it is no accident that both the CDU and, prior to the elections, the Social Democrats, are discussing the possibility of a coalition with the Greens – supporting the fact that classic political camps no longer produce majorities, and new coalition options have to be explored. More of this will be seen throughout the next elections and the discussions about the electoral law will continue. The main political message Mr. Lange got from his analysis of the elections is that German voters voted for continuity, not change. Having assessed the main fields of policy making in Germany today – the Euro crisis, Germany as a business place, demographic development, change in society, and international commitments – Mr. Lange stated that he expects almost nothing to change, regardless of what the coalition agreement and partner will be. Thus Mr. Lange considers the elections interesting in terms of an analysis of the various elements, but expects little to change in German policy making.

## **MICHAL VÍT**

*Researcher at the Masaryk University, Brno*

Prezentace Michala Víta se soustředila spíše na dlouhodobé trendy německé politiky v kontextu politiky EU, rostoucí krizi eurozóny a otázku společné měny a euro bondů ve vztahu k volební kampani. Michal Vít rozdělil otázku evropské integrace do tří přístupů: pragmatický, sociální a selektivní. Pragmatický přístup vysvětlil jako slábnoucí supranacionální integraci, důraz na efektivní podporu integrace a národních zájmů. Strany jako CDU, FDP a AfD dávají dnes mnohem větší důraz na národní zájmy než tomu bylo v minulosti a tyto zájmy si také vynucují. Co se týče sociálního přístupu, supranacionální integrace je chápána jako prostor pro prohloubení sociální a sociální dimenze evropské integrace. Strany jako SPD a Zelení, kteří reprezentují tento přístup, zdůrazňují podporu evropského občanství a post-materiální hodnoty. Soustředí se např. na otázky životního prostředí a lidská práva. Tento přístup představuje také opak přístupu pragmatického jako takového. Selektivní

integrace, kterou reprezentuje strana Die Linke, má rezervovaný přístup k ekonomické globalizaci.

Dále pak Michal Vít zmínil některá témata volební kampaně, přičemž uvedl, že zde nebyl prostor pro eskalaci krize eurozóny. Téma evropské měny bylo taktéž upozaděno – zůstalo na pátém místě žebříčků hlavních otázek. Sociální témata jako daně, reformy na trhu práce, atd. dominovaly volbám. Také proto dominovala kampaní CDU a významně zatlačila FDP do pozadí. Co se týče evropských témat jednotlivých stran, tak kromě Zelených všechny ostatní strany deklarovaly negativní přístup k euro bondům. CDU přišla s technicistními návrhy a nezdůrazňovala vůbec supranacionální integraci. FDP investovala značnou část energie do vyjednávací pozice Německa a odmítla komunitarizaci bondů. Zaobírala se více počátky integrace a vyznává nejspíše deklaratorní přístup. Die Linke vidí euro bondy jako nástroj neoliberální politiky. AfD podporuje comeback národních měn a jejich pohled na EU je spíše jako na Evropu národů. Také preferují zesílení ekonomické integrace. CDU a FDP dávají menší důraz na supranacionální integraci. Zdá se, že je tu nový motor občanské integrace v případě SPD a Zelených. Jestliže nedojde k eskalaci krize, téma společné měny zůstane mimo mainstream politické debaty a AfD nejspíše ztratí svoje minulé postavení.

## ADAM ČERNÝ

*Journalist for the economic daily "Hospodářské noviny"*

Adam Černý úvodem zmínil, že velkou otázkou představuje, jaká koalice vzejde z voleb. Ať už to bude jakákoli varianta, Sociální demokraté nebo Zelení, bude to velmi nerovná koalice partnerů, z nichž ten menší partner bude velice obezřetný ve svém přístupu. Jak již bylo zmíněno, evropské otázky byly v německé volební kampani upozaděny. Toto téma bylo vlastně zahrnuto v ekonomickém přehledu, zvláště v tematice německé ekonomiky, a faktu, že ekonomická situace Německa je velmi dobrá, když zvážíme současnou euro krizi. Dále uvedl Adam Černý poznatky z osobního rozhovoru se zástupci AfD. Jejich pohledy na volební kampaň a interpretace členů se překvapivě lišily. Nicméně nelze podceňovat jejich sílu, když přijde řeč na evropské otázky a dosažený výsledek AfD ve volbách, který se přiblížil blízko 5% hranici.

Příští rok se konají volby do evropského parlamentu a zůstává otázkou, jak se FDP vypořádají s výsledky voleb – tedy jestli se prosadí obrát ke kritickému a opatrnějšímu přístupu k evropským otázkám. Pro vládu zde bude hodně otázek k řešení, která budou mít velký dopad na Německo a také na celou Evropu. Také se zde objevuje téma energetické politiky. A. Černý zmínil otázku, která zde ještě nepadla, a to interpretaci volebních výsledků a jejich dopad na českoněmeckou spolupráci. V tomto smyslu si nemyslí, že by zde byl nějaký výrazný odklon od trendu dřívější spolupráce mezi těmito zeměmi. Na druhou stranu vztahy mohou ovlivnit také výsledky českých voleb, které se konají za pár týdnů, a jejichž výsledky a pozdější formování česko-německých vztahů budou jistě velice zajímavé.

## STEFAN HEINLEIN

*Representative for the ARD to Cairo and Prague ARD-Studio Prague*

**Mr. Heinlein** agreed with Mr. Lange's presumption that hardly anything will change in German politics, an opinion he believes to be broadly shared in German politics, and especially when it comes to German-Czech relations. The latter was not an issue in German election campaigns, nonetheless he expressed interest in German-Czech relations in the course of the coming weeks with the establishment of a completely new government in the Czech Republic. Mr. Heinlein explained the difficulty for Germans to understand the extent of the Czech president's influence, creating an analogy of the German president telling Angela Merkel that there will be no grand coalition between the CDU and the SPD. Mr. Heinlein was not very optimistic about what will happen after October 25<sup>th</sup> in the Czech Republic, especially with regards to the influence of Babiš's party,

pointing out that no one is fully aware of his political aims. Compared to the AfD's 4,5%, 95% of German voters voted for parties that are completely pro-European, pro-Euro, but he added that this is not a big topic. It would become more interesting in the next election if they get 5 or 6%. Mr. Heinlein concluded by stating it remarkable that new political parties originated in the Czech Republic, a post-communist country, and that this was a difficult fact for the German audience to understand.

**Mr. Lange** made a brief comment about Angela Merkel and the CDU, and their position on the Euro crisis. His perception was not that they avoided the subject; Angela Merkel devoted parts of her public speeches to the Euro crisis and European integration during her election campaign. He interpreted Angela Merkel's line as the need for solidarity, but also the necessity of putting conditions on countries benefiting from aid. This line is consensual among the German public, which Mr. Lange believed to have explained Angela Merkel's support, and moreover, he expressed belief that this course will continue. He refuted the interpretation of the AfD as proof of growing tensions and Germans who no longer call for solidarity. He underlined that this is not the position of the German public, nor of what the AfD is – a protest party through which people express their unhappiness with the political system in general. Mr. Lange called this a misinterpretation from external onlookers; the way in which the AfD's position towards EU integration is perceived externally does not reflect its actual position.

**Mr. Vít** komentoval otázku AfD. Úspěch AfD v Německu nebyl významný v době, kdy tato strana vznikla. Potvrdil tezi, že AfD, zejména ve východních částech Německa, je protestní stranou, která získala hodně svých příznivců z řad NPD (extrémně pravicová strana). A to způsobem, který nepřispívá reputaci straně, jež se prezentuje jako alternativa politického mainstreamu v Německu.

**Mr. Böhler** noted that this kind of activity is characteristic of international journalists, who constantly pay attention to new issues and topics, explaining both their and the audience's interest in the AfD. According to him, the most interesting topic for journalists today is Babiš, as he is currently a new element in Czech politics, but may not be important in a couple of years.

**Mr. Černý** poznamenal, že souhlasí, že je přirozené, že nějaká témata se v tisku více propírají než jiná, protože jsou nová a společnost zajímají. Co se ale týče právě německé volební kampaně, tak obecný názor byl takový, že ve volební kampani nefigurovalo žádné dominantní téma, a že byla poměrně nudná. Např. otázce tzv. vegetariánského dne, s kterou přišli Zelení a jež reprezentuje marginální téma, se věnovat tisk více, než by si hloubka tématu zasloužila – toto téma se objevovalo na předních stránkách novin asi po 10 dní. Černý rovněž poznamenal, že tematika AfD je jiný případ, protože strana dosáhla téměř 5% hranice a můžeme se dohadovat, co by se stalo, kdyby tuto linii nakonec opravdu překročila.

**Mr. Lange** commented on the tediousness of the election campaign, a sentiment shared by the whole of Germany. German intellectuals, on the other hand, made a statement discouraging voting, which Mr. Lange found to be very negative. However, Germany experienced a higher number of voters compared to 2009. The German public, regardless of what has been mentioned above, appears to appreciate the German style of politics and campaigning, despite journalists treating the elections as boring.

## Open discussion

**Mr. Outrata** posed a question to Mr. Lange concerning his point of view on the European movement. He expressed a nagging feeling that Angela Merkel presented specific obstacles that prevented the FDP from reaching parliament. At a critical point in her campaign, she discouraged voters from using their second vote, which was the opposite of what she said in the previous elections, and which certainly contributed to the FDP's falling to less than 5%. He asked whether Mr. Lange agreed with him, and whether this reflects a shift to the left on the account of the CDU showing an interest in working with the Social Democrats or the Greens.

**Mr. Lange** replied that first of all, Angela Merkel was right in stating that the responsibility of exceeding the 5% threshold for the Liberals (not for the CDU) is something which should not be underestimated, on the account of the rising tensions within the government coalition in the past four years that had discouraged many leading CDU figures from supporting them. On the other hand, the reason for a lack of a CDU-led campaign for a second vote for the Liberals was the change in German electoral law. He added that it was important for Angela Merkel personally, and also for the CDU generally, that she achieved her election result by campaigning for the first and second votes for the CDU, which fit her political stance. Concerning the questionable shift to the left, Mr. Lange used the example of the minimum wage, which had already been used several months or years earlier, and enabled the CDU's election result. He added that the CDU might also be tempted to form a coalition with the Greens.

Next, an **anonymous question** was raised regarding the AfD. It was stated that from the position of a Czech citizen, the AfD appears to be a party of professors and entrepreneurs – the “white collar workers” – who, as a result of the crisis, adopted a critical position towards the Euro zone and economic and political integration. It was added that Mr. Lange's calling the AfD a “protest party” was surprising.

This was followed by another question, also anonymous, and also regarding the AfD. The questioner expressed a belief that the party's strength can yet be revealed, and that the AfD will probably partake in the European elections. Owing to the fragile state of the Euro zone and the expected third aid package for Greece, which is bound to be a very big issue in Germany, the AfD's potential to establish itself as a protest party is not to be excluded. The second part of the question concerned the CDU's stance on European issues, given that the CDU did not mention the “hard” topics of the EU in its political campaign.

**Mr. Lange** replied that the beauty of new parties lies in their ability to make projections. He added that the AfD was smart by not clarifying their programme at all; as soon as they start to clarify it, they become less interesting for discussion. Anti-Euro zone or anti-European integration sentiments are not a tendency in German society, and he expressed doubt about the AfD's relationship with the European elections seeing as the latter focus on federal states, whereas the former has a national component and none of its leaders are interested in being part of the European parliament. He moved on to the subject of the CDU and European elections, stating that the overall situation of the People's party is not easy as it involves identifying whether there will be a top candidate of the European People's party in the European elections, and who it might be. He expressed an expectation of the resolution of this issue – in which Angela Merkel herself will play a crucial role – in the coming months, with the identity of the CDU's candidate for the European elections being the important issue. In response to Mr. Handl's question regarding solidarity and conditions placed on other countries, Mr. Lange stated that he sees little change in the CDU's future behaviour and, furthermore, sees few reasons for the CDU to change its approach towards their campaign in the European elections.

Finally, **Mr. Heinlein** added to Mr. Lange's previous comment regarding German consensus, reaffirming the German pro-European understanding which includes not only the economy, but also solidarity – a solidarity based on conditions. He stated that Germans are open to continuing in the same vein, which is crucial and reflects the fact that Germany does not have any real anti-European party. He remarked that if the AfD continues to be a single-argument party, focusing on being anti-Euro and anti-European, it stands little chance at being established in the long-term in German politics.

# “German Federal Elections 2013 and German-French Tandem in Europe”

## Implications for German-Czech Cooperation

Monday, 14<sup>th</sup> October 2013

*Venue: The Mirror Hall, Czernin Palace, Ministry of Foreign Affairs, Prague*

### **Panel II: German Federal Elections and German-French Engine of European Union: Euro Crisis and EU Reform**

*Chair: Jaroslav Kurfürst, Director General of the European Section, Ministry of Foreign Affairs of the Czech Republic*

*Barbara Kunz, Head of the “European Dialogue“ Section, Foundation Genshagen*

*Elsa Tulmets, CERI, Paris*

*Professor William E. Paterson, Aston University, Birmingham*

*Vladimír Handl, Institute of International Relations, Prague*

### **JAROSLAV KURFÜRST**

*Director General of the European Section, Ministry of Foreign Affairs of the Czech Republic*

**Mr. Kurfürst** started by presenting his point of view on the topic of the second panel. According to him, the relationship between France and Germany is obviously the building block of the EU. This relationship has never been easy, but the sense of common purpose has always prevailed, and the European idea has been its cornerstone. He stated that today, we live in a changing Europe, and that there is a trend of the EU leading to an increased interconnection and dependence between member states. He compared the recent elections in both countries; the French election accentuated issues such as social cohesion and immigration, whereas in Germany, there was a cultivated political campaign, mature democracy, and also discussion.

### **BARBARA KUNZ**

*Head of the “European Dialogue” Section, Foundation Genshagen*

**Mrs. Kunz** talked about the Franco-German engine from the German perspective. She looked back at the European elections in the campaign, and took a more detailed look at the parties’ positions on EU reform specifically, and at solving the Euro crisis. She drew a few conclusions on Franco-German cooperation in the months and years to come, and reiterated the fact that the EU did not feature much in these elections. She mentioned that at a TV candidate debate, it was clear that neither the EU nor foreign affairs played a major role, which was also reflected in the parties’ posters. If a foreign policy topic came up, it was that of the Euro crisis. Mrs. Kunz explained that this should be seen in the light of the general dominant German discourse on the topic of the Euro crisis and the future of the monetary union, which is that Germany is in a good position, having “done its homework” while other countries had not – including France. Mrs. Kunz displayed a graph representing the significance of various issues for the public, which showed that the future of the Euro was important for 31% of German respondents. There was also a survey enquiring how the Euro crisis affected

people personally, to which 73% replied that they were not personally affected by the crisis at all.

Mrs. Kunz then proceeded to discuss the parties' positions on EU reforms, essentially summing up what her predecessors discussed. Concerning potential government party coalitions, she mentioned that there was an ongoing discussion that day with the Social Democrats, the following day with the Greens, and that a decision is expected to be made by the following Wednesday. She brought up the upcoming Council meeting in Brussels on the 24<sup>th</sup> and 25<sup>th</sup> of October, which should hasten negotiations. Out of the parties, the CDU will definitely be in the coalition, and as such, there will be little change in the position regarding the Euro. Euro bonds and any other ways of dealing with debt are issues not in favour of the CDU, as they do not want German taxpayers to be responsible for saving banks (however, Angela Merkel also tried to handle this issue in 2012). As for the Social Democrats, there are discussions to be led; the most important issues for them were minimum wage, tax increases, and childcare, meaning that the EU issues were not at the centre of their attention. They had focused their campaign on Euro crisis, economic governance, and the social union. Next she moved on to the second potential government partner, which according to the press could be the Greens, who share little common ground with the Social Democrats – especially in energy and climate matters. Furthermore, the Greens are highly critical – at least in rhetoric – of Angela Merkel in the sphere of the Euro zone and the Euro crisis.

Mrs. Kunz explained that many problems experienced by Franco-German relations are consequences of the past. She also predicted continuity in Franco-German relations regardless of both the FDP's disappearance from the government, and of the coalition partner that Angela Merkel will choose to work with. The new Angela Merkel that countries such as France hoped for is unlikely even if the Social Democrats become the coalition partner, meaning that they will cooperate until the next elections in 2017, unless there is no government or unless something goes wrong.

Mrs. Kunz outlined two important matters before looking more closely at Franco-German relations. The first concerned the gap between external European expectations, and the feelings and willingness inside Germany, regarding what it can and should deliver. In this connection she brought up the CDU's campaign slogan that focused on Germany's strength, which implied both strength in foreign policy and in the internal economy. However, Mrs. Kunz acknowledged that there is an imbalance in the Franco-German tandem, specifically regarding the future of the Euro zone and the common currency. Mrs. Kunz attributed this imbalance to various countries' differing narratives as to the origin of the crisis; these various interpretations lead to a variety of solutions. She added that these differences are also located at the political level, the most basic being the presumption that Germany should pay more. Thus unresolved problems remain, based on dilemmas between growth and austerity, which makes it more difficult to agree on a common ground. She pointed to the most pressing issue: the banking union and whether it requires treaty changes. Finally, she mentioned the disagreements on Euro bonds and the general debt issue. In her opinion Germany's peaceful approach to these matters will continue, and a bigger idea or ambition to come up with a growth strategy for Europe is unlikely. She explained the situation as one where Angela Merkel expects France to adopt some reforms in the area of technicality. Mrs. Kunz also mentioned the role of the German constitution and the question of compatibility. Nonetheless, she pointed out that everything remains on the technical level, and the mechanisms needing resolution are most probably not understood by the general public. She concluded that regardless of the differences between personalities or political parties, there will be room for compromise.

## **ELSA TULMETS**

*CERI, Paris*

**Ms. Tulmets** began explaining the French point of view by stating that France had been following the German parliamentary elections very closely and with great interest, and that President Hollande had expected a change in the German government that would favour his political ideas more. Nonetheless, she pointed out that in France, there remains an interesting debate on the role of the German economic model. This debate has been present in the French press, as well as on TV and radio, and several books have been published on the subject. Before discussing this model, Ms. Tulmets highlighted the differentiation between the Sarkozy-Merkel era and

the Hollande-Merkel era. She explained that Angela Merkel and Nicolas Sarkozy had very different personalities, and that the Euro crisis brought them closer. At the beginning of his presidential mandate, Sarkozy tried hard to allow France to play a decisive role in economic and financial matters at the EU level. In any case, the EU crisis forced Angela Merkel and Nicolas Sarkozy to find compromises. At the time, the press was very critical of the Franco-German approach, the Franco-German couple being remembered for its strength. Sarkozy was perceived to have prioritised his positions over those of Germany, and the couple were perceived as wanting to impose its views on Europe and other member states. However, given France's poor economic performance, the balance moved in favour of Germany. Disagreements re-emerged again in Franco-German relations when Francois Hollande, the Socialist candidate, won the presidential elections. During his campaign, he proposed a new version of the Franco-German treaty and built a new relationship based on "truth and equality". However, Germans let the French know that they were not interested. Also, the French ruling Socialist Party became split over Europe. The relationship between these two countries is thus no longer equal.

Ms. Tulmets continued to point out important changes that took place in the past years and which challenged the Franco-German balance. She first stated that much of Germany's success in the EU can be attributed to the German economic model, which was formed partly to overcome the economic crisis. Thus France, having to face its poor economic results, is looking at precisely this German model. In 2012, Germany could count on its export to bring back its public deficit of 1% of its GDP and its unemployment rate below 7%. France, in comparison, had a public deficit higher than 5% and an employment rate below 7%. Since France lost its AAA in 2012, Germany is the only major contributor to which rating agencies continue giving the best notation. The German model was also mentioned in the presidential campaign of 2011/2012. Nowadays, debates in France concentrate on finding a solution to the higher unemployment rate that France is facing, but these figures are also gradually stabilizing since last summer. Various press outlets also highlight the relation between employers and trade unions, the capacity to find solutions at difficult times without strikes, and the dual education system. An interesting view on the German model appeared in *Le Monde*, for e.g. that "...it is very surprising to see how lively the German model is debated in France. It would be unthinkable to have such debates about France in Germany."

Ms. Tulmets added that each French political party has its own interpretation of Germany; the right is prizing the German economic model, while the left is wary of Germany spreading a new liberal model in Europe. As the French president has indicated, he is ready to take several more measures and has also praised the agenda in 2010. In French debates regarding Germany, it appears that the subject is not Germany, but France. The position towards Germany has become the central question in French politics and the way to answer it shows, above all, where one positions oneself. He even suspects that the French speak so much of the reforms done in Germany in order to avoid speaking about themselves, thus avoiding having to take the necessary reformatory measures. Mrs. Tulmets then referred to the original question of the conference – the results of the German parliamentary elections and its effects on Franco-German relations, and the relations with the Czech Republic. According to her it doesn't matter what the coalition will be, even in the most probable case of a grand coalition between the CDU and the SPD, Franco-German relations will remain more or less the same, and there would be no changes expected in the field of foreign policy.

## **PROFESSOR WILLIAM E. PATTERSON**

*Aston University, Birmingham*

**Mr. Paterson** began his speech by mentioning Angela Merkel's enormous victory in the German elections. However, he added that unlike in any other country, winning more than 40% of the votes does not mean absolute power over the direction of politics in the hands of the winning party, thanks to German para-public institutions such as the Federal Constitutional Court and the Bundesbank, both of which can constrain the government's decisions and yield immense power and public support.

He also acknowledged that Franco-German cooperation has traditionally been at the heart of the German European policy. The relationship between these two countries was seen as indispensable by German

government for three fundamental reasons: Firstly, it was central to the founding compact of European integration. Solely German leadership was regarded as unacceptable by other member states, and France was the essential partner to Germany. The struggle over the ratification of the Lisbon Treaty puts large question marks on the last two reasons. In efforts to salvage the treaty, other member states looked to Germany and its leadership, followed immediately by the onset of the Euro crisis, with sovereign debt crisis as its crucial element. Sovereign debt crises have a brutal logic of biting the interests of creditor states very strongly against debtors and this applies to Germany's natural allies such as Austria, Finland, and the Netherlands, rather than France. Mr. Paterson also mentioned Ulrich Krotz and Joachim Schild's recent volume on the Franco-German relationship, in which they argue that this relationship is important precisely when they do not share preferences and have to compromise. Mr. Paterson further argued that this general rule did not operate effectively in the Eurozone crisis for three reasons. Firstly, France has been weakened economically, and the partnership had become increasingly asymmetric. Secondly, the Franco-German relationship is, globally, the most institutionalized, but is difficult to synchronize with the tempo of financial markets since they operate very quickly. Thirdly, the huge historical significance attached to this relationship has resulted in its summits being regarded as panaceas and being reported in overblown terms. In normal times this doesn't do great harm, but in times of crisis it raises expectations in both markets and the public, both of which find themselves disappointed when the fine print falls short of expectations. It is because of these changes that Germany has been thrust into the spotlight as Europe's potential hegemon. Three years ago he referred to Germany as a reluctant hegemon, because owing to its ever-strengthening economy and its principal creditor status, it was placed at the head of crisis management. This core argument was highlighted by an examination of an increasingly asymmetric nature of relationship between France and Germany. Finally, it was a way in which objections to solely German leadership faded.

In the second part of his speech, Mr. Paterson focused on the post-election period. He sees the return of Angela Merkel as a key element, because if Merkel had not returned, there would have been a period of uncertainty. Perhaps at the end not so much would have changed, but a huge amount would have changed in, for instance, Britain, where Germany is seen as a crucial partner. Since Chancellor Merkel was under no pressure from anyone during the elections, she was not challenged on the crisis or any other issues. Thus, at the end of the election campaign, we only know that Eurobonds are ruled out, but we know little else about for example what Germany's relationship with France is going to be like, or how much will she take on the British agenda. In Mr. Paterson's opinion, for the immediate future European issues, especially competitiveness, are bound to be the most important ones and that implies that there must be a close relationship with France. The key issue for him is what the relationship is going to be between what is agreed in the Eurozone, and people who are not in the Eurozone. He thinks we will become increasingly intergovernmental, because the European Parliament is going to be extremely uncongenial to the heads of governments. According to Mr. Paterson, Poland will prove to be quite important because it is a perfect ally for Germany, since it is closer to Germany than Britain or France on many issues.

At the end of his speech, Mr. Paterson returned to the previously mentioned topic of German hegemony. Unlike the hegemony of the USA after the War, German hegemony is contested by other countries, mainly by those in Southern Europe but also by many Germans. But the question is, if not Germany, then who? Germany, since it is the largest country in the centre of Europe, is often seen either as too weak or too powerful, but in his view, a powerful Germany is preferable to a weak one, which also explains the favourable positioning of the Poles.

## **VLADIMÍR HANDL**

*Institute of International Relations, Prague*

**Vladimír Handl** se zaměřil na vzájemné vztahy Francie a Německa z českého pohledu. Ve svém projevu se vyjádřil ke třem hlavním aktuálním otázkám. Těmi jsou volby v Německu, francouzsko-německý tandem a vztah ČR s Německem. Volby v Německu byly svým způsobem plebiscitem o evropské politice Merklové a dá se říct, že naprostá většina podpořila její politiku. Jedinou výjimkou je strana Alternativa pro Německo. Situace v Německu se však může změnit, jakmile Německo začne platit za záchranné mechanismy pro eurozónu. I proto je

nutné brát Alternativu pro Německo vážně.

Druhá poznámka Vladimíra Handla se týkala německo-francouzského tandemu. Největší obavou je to, že tento tandem přestane fungovat. Jedná se o velmi asymetrický vztah, který je pro Francii zničující i ponižující. Jak již na konferenci zaznělo, je potřeba uskutečnit reformy na francouzské straně. Handl si také myslí, že je nutná reforma i na straně Německa. Německo odkládá modernizaci domácí infrastruktury, dává málo peněz do vzdělávání a rekvalifikace lidí, relativně málo peněz dává také do výzkumu a vývoje. Všichni ekonomové tvrdí, že tato situace se bude muset změnit, pokud si chce Německo zachovat svou hospodářskou pozici. Dále Handl prezentoval své hlavní poznámky k tandemu. Pokud jde o záchranu eurozóny, byla vedoucí role Německa a Francie vždy podporována všemi státy střední a východní Evropy. Jednou z příčin je to, že Německo a státy střední východní Evropy řadíme k tzv. severské skupině zemí, které sdílejí stejné principy hospodářské kultury. Dalším důvodem je to, že mají mimořádný zájem na stabilizaci eurozóny a na prosperitě Německa. Jsou zde ale dva problémy. Prvním je legitimita politických rozhodnutí přijímaných v eurozóně. Tuto otázku musí řešit menší státy daleko více než Německo. Druhým problémem je možnost rozpadu a rozdělení EU, např. vytvořením přehrad mezi pevným jádrem eurozóny a vnějším pásem. To je zásadní strategická otázka pro všechny země střední a východní Evropy. Všechny se shodnou na tom, že chtějí odvrátit prohlubování propasti v rámci EU. V této otázce je Německo hlavním partnerem. Vždy deklarovalo, že chce odvrátit rozpad Evropy a že chce zachovat inkluzivní charakter evropské integrace. Německo jako jediné z větších zemí má tradici spolupráce s menšími státy východní Evropy. To představuje důležitý prvek strategické spolupráce s Německem. Vladimír Handl se domnívá, že tandem Francie a Německa skutečně nefunguje jako vedoucí pokud se jedná o otázky bezpečnosti a obrany. V této oblasti se neangažuje ani Německo, ani Francie. Tento tandem byl vždy významný také proto, že reprezentoval diverzitu celé EU, a když už se shodli ti dva tak odlišní partneři, tak v kompromisu se našel i zbytek Evropy. To dnes taky již moc nefunguje, především proto, že Francie i Německo chtějí, aby evropská integrace probíhala na mezivládní úrovni. Mezivládní průběh integračních jednání ale nereprezentuje celou Evropskou unii.

Dále se Handl vyjádřil k česko-německým vztahům. Podle něj je na pragmatické úrovni spolupráce vynikající. Na strategické úrovni však má ČR problém, protože se neumí shodnout na tom, jakou cestou půjde. Například politika Radka Sikorskeho by pro ČR mohla být inspirativní a tímto směrem by se mohla ubírat do budoucna.

# “German Federal Elections 2013 and German-French Tandem in Europe”

## Implications for German-Czech Cooperation

Monday, 14<sup>th</sup> October, 2013

*Venue: The Mirror Hall, Czernin Palace, Ministry of Foreign Affairs, Prague*

### **Panel III: Scenarios of Further Development of Energetic Dimension of German-French Tandem**

*Chair: Lenka Kovačovská, Head of Analyses and Forecasts in Energy, Ministry of Industry and Trade of the Czech Republic*

**Felix Christian Matthes**, *Öko-Institut, Berlin, Member of Energy Advisory Group of European Commission for Energy Roadmap 2050*

**Filip Černoč**, *Masaryk University, Brno*

**Jiří Horák**, *EU Affairs, ČEZ*

### **FELIX CHRISTIAN MATTHES**

*Öko-Institut, Berlin, Member of Energy Advisory Group of European Commission for Energy Roadmap 2050*

**Mr. Matthes** pointed out that the subject discussed in the panel is only partly related to his field of research. He is not working on European and German energy and climate policies, therefore he is not a specialist on French nor Czech energy policy, but he believes if one uses both perspectives, on one hand the European perspective and a more detailed analysis on the issues which are going on in Germany, it is helpful to understand the general subject. No one knows what the next German coalition will be, though there is a certain probability. According to his theory and irrespectively of the future coalition, there will be some sort of continuity in German policy, but reflecting the challenges ahead this will change.

Energy policy is much more than electricity. European energy policy has also the dimensions of the transport policy, heating and cooling markets etc, but Mr. Matthes left them out and focused his presentation on the electricity sector. When thinking about the headline of his presentation he thought there could be different scenarios how one could understand a tandem. For example like this: everybody is going to the same direction, with joint forces and everybody is happy. The second scenario: there are two people on an outdated vehicle trying to get forward. In the third scenario there is somebody who is driving the process and the other is giving the carrot. There is a fourth version where somebody is working and somebody is transported. In the fifth there is a driver's seat and there is something behind. In the sixth scenario both are sitting in the same vehicle but they are following different targets and goals and there isn't really any progress; this is also a tandem. In the last version we discover that there are more than two on the tandem. Keeping this in mind, the purpose of Mr. Matthes presentation is to give his view on the potential options for future tandems between Germany and France and the others within the European Union.

First it is important to identify, apart from all core beliefs and all political decisions, what are the emerging challenges. What is important in this discussion is to understand that we are in an era where we face the need for heavy investments, at least in Western Europe. In Western Europe we are in the end of two decades of under-investments. If we look at this in the long-term, this tendency has been going on since the liberation of the electricity markets in Germany, France and other Western European countries, we reach approximately half of

the investment levels we saw in 1970's and 80's. We have squeezed out the existing assets since the liberation of the power market and we are facing the problem of heavy investments. This is partly true for Central and East European countries. Secondly, to make it more complicated, the world has changed and not only in oil prices or gas prices, but also in terms of power plants. Conventional power plants are 70% more expensive now than a decade before and if we look at nuclear it is even some percentages more. At the same time we have significantly decreased the cost of renewables and we have high uncertainties in the global and the European energy markets. Nobody knows what the future of shared gas might mean for the European market. Thirdly, these investments have to be implemented in a framework, which is still consisting of ambitious greenhouse gas emission reduction targets and renewable targets, but in a framework where we have a major instrument, the European Union Emissions Trading Scheme, which doesn't reflect these policies in terms of pricing of carbon. Fourthly, we are living in a phase where at least in the North West European electricity markets, the breakthrough of renewables starts to shape the electricity market.

The problem is that we are beyond the point of no return. Even if Germany would stop the expansion of renewables next year, the effects and the fundamentals of the Central European energy market would not change. Therefore the challenges would not disappear. We have an interesting institutional setting: according to the Lisbon treaties we have three dimensions on who is responsible on energy policies, at least in the field of the power sector. The energy mix and the security of supply is strictly subject to the member states, this hasn't changed. The internal market, the state aid policies, important parts of the climate policies and the European Union Emissions Trading Scheme are strictly controlled by the European Union. In the field of infrastructure we have an upgrade of shared responsibilities. We have just heard that there are heavy investments from the European Union but all the member states are also investing heavily. What does that mean if you take an aggregate perspective for the European Union? Mr. Matthes spent one year in the advisory group for the Energy Commissioner on the Energy Roadmap 2050 and within this process he compiled some interesting research with his team. Without going in the details, the team analysed totally different worlds from today's Europe. There is the status quo of 2005 and there are five different decarbonisations scenarios; high efficiency, high renewables, high nuclear, high CCS and some combinations. The interesting point in these different worlds, even in a world without deep emission cuts in terms of structure of the power market, is that whatever the decision on climate policy and whatever the decisions on single technologies will be, we will face a situation where at least in Europe we have to deal with 50 % of renewables. It might be 90 %, it might be 60 or 70 %, but this world will be a totally different world than it is today. This has consequences in economic terms.

Mr. Matthes presented the system costs of this different world of the European Union electricity sector. The potential system costs included four messages. Firstly, whatever we do, the system costs will increase because there is a need for investments and those will be more expensive, because the price of steel, copper and concrete has almost doubled during the last years. Therefore we have to at least triple the investments meaning that there is no possibility to think about decreasing system costs. Therefore we have to deal with higher system costs, which will be 25-30% higher than at the turn of the century. Secondly, whatever we do on climate policy, because in both cases, no further climate policy or accelerated climate policy, there is a need for investment. Nevertheless we will end up with one exception, this comparable system costs. It has become very clear that whatever we do, the structures of the cost will be different, but the system costs will be very comparable. Thirdly, we are facing a capital-intensive world and this characteristic has consequences. Everyone who has a mobile phone is aware of this. The short term marginal cost of an additional minute of phone call is zero. The reason therefore is that we all pay flat rates on this. A capital-intensive system where the short-term marginal costs are almost nothing can only be refinanced by capacity payments. So the consequence of this capacity-intensive world will be a world of capacity payments. This is an important implication. The fourth message applies to the period after 2030 in the higher renewables world there is a special importance of storage and if there is no breakthrough on storage technology that will add another 20% to the cost, which is the risk of the German model.

When coming to Germany, one should reflect on two things: the first is a misconception that what happened on the nuclear phase-out, was a decision of 2011, which is not true. What was done by Angela Merkel in 2011, was a return to a nuclear phase-out trajectory which was in the legislation since 2002. One can see when looking at the recent trajectory, that there has been an acceleration of two to three years for this shutdown. What is surprising is that essentially we are on the same track we would also be on if we would leave out the years 2010

and 2011. Therefore nobody can be surprised by what happened there and that is one of the reasons there has been no black out in Germany, because the utility has been prepared for this and there are also many investments, which have initiated in 2007 and 2008 in the framework of this phase-out technique. You can look at the voting results on the nuclear phase-out and there might be many things subject to change in Germany, but if we compare the nuclear phase-out voting results from 2001 to 2010 and 2011, each party who starts to re-engage in plant lifetime extension for nuclear, takes the risk of suicide. There won't be a reversion of this. Secondly there is the role of renewables: If you would leave out 2010 and 2011 then the expansion at least until 2020 is legally binding for Germany according to the EU's Renewables Directive from 2009. The real effects in terms of renewables will start after 2020, thus we are still in the old world. The real challenges resulting from the decisions in 2010 and 2011 will occur after 2020. This is the key challenge. Each coalition which will take office in Germany will somehow continue to support the renewables, because the degree of economic participation is so huge at the moment. The traditional utilities represent only a minor share of the investments in the renewable sector. There's a heavy engagement from farmers, because they are lending the land for wind turbines and there's a huge interest, which will make it very difficult to adjust this policy in significant terms. This is stabilizing the political arena.

In political terms the interesting thing is that the major battle lines in Germany are no longer between the parties but within them. What does it mean in terms of German, French and other energy policy perspectives? Mr. Matthes believes that we will remain in a world of differing core beliefs, which won't change. But the challenges ahead will push policies in a process of convergence, because there is a real world problem, which has to be solved. Obviously these political core beliefs are that in Germany the nuclear phase-out will not be reversed and there is no way to bypass a major expansion of renewables. Nothing will change this core belief. France has a different situation, where the nuclear share is slightly adjusted and brought down from 70-80% to 50% by 2025, which has just been confirmed by president Hollande. However, the nuclear will still dominate the system and that won't change. The same situation will apply to many other countries. Therefore at first analysis there is a limited ground for consensus. However, the second analysis shows that whatever way you go, for nuclear, for wind or for solar, you are going for a world which is capital-intensive and which needs another economic basis that exists today. Within the Western and Central European market area there will be a need for medium term coordination, because if you go from fragmented worlds of capacity markets in a world of an integrated market for kilowatt hours, that will destroy the internal market.

According to Mr. Matthes' second theory we will need more market based or more market integrated pathways for the remuneration of renewable energy sources. That will materialize very quickly in Germany, because we have an increasing number of hours where the renewables represent the full demand. There needs to be market mechanisms for optimisation. The interesting point is that at a time when many European countries adopt the German model of guaranteed prices or fixed prices, for example for nuclear, Germany is disappearing from this model because this is not sufficient to optimise the system. The question will be how far this non-existence or non-continuation will have implications for policies, which are just set up in the UK, in France and the Czech Republic. One of the fallout of the European pressure to adjust the German system of financing renewables will be that some other financing mechanism invented to support nuclear in other countries will also have to disappear.

We will see a strong infrastructure roll-out and between the countries there is a strong need for this. Exports from Germany have avoided a major blackout last February in France when the weather was extremely cold. Germany has an interest in increased flexibility integration; the German role of renewables is only possible because Germany uses flexibilities from the neighbouring countries. France uses the German network for exports to the Netherlands and towards Switzerland. Until Germany has implemented the network infrastructure it is an ongoing problem for compensation between the transmission system operators. If we want to maintain the internal market we have to strengthen the infrastructure and find ways for compensation. We also have the EU 2030 targets and the revitalization of the European Union Emissions Trading Scheme, where there is common ground for Germany and France. Mr. Matthes is not sure if this common ground exists between some of the Central and East European countries, but these will be the most important decisions. To be very clear, in a world where investments and payback for investments are needed, if the European Union Emissions Trading Scheme doesn't deliver returns or payback for low carbon investments then the same costs will occur from another route or vehicle, called the capacity market. What is true is that a certain amount of money needs to be invested and

paid back. Therefore the only decision the countries have to make is concerning the root of payback and not the payback itself. We will see this as one of the key decisions on how much Europe will be in this situation. We are at a crossroad where either the internal market will be strengthened or maintained or the energy policies will be renationalized. In Mr. Matthes' point of view, every country will lose with this second option. The question remains how all this will be organized.

To conclude, Mr. Matthes presented a map on the remuneration scheme for renewables, which will soon represent at least 50% of the European power market. This particular model is far away from an internal market. We top the energy only market, the market for kilowatt hours, which is losing importance every year with other financing mechanisms to finance the roll-out of renewables. The same applies for the investments in conventional power systems. The key issue is if this process of renationalization, which is under way, can be brought into structures, which allow for a reconvergence of these energy markets.

## FILIP ČERNOCH

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**Filip Černoch** upozornil na to, že přímé vazby Německa a ČR v oblasti energetiky jsou poměrně limitované, proto je vhodné se nejprve zaměřit na evropskou dimenzi této problematiky. ČR by určitě měla sledovat, jaký postoj zaujme nová německá vláda k evropské energetické politice. Ti, kdo se zajímají o situaci v Německu, pravděpodobně zaznamenali, že před volbami byla ponechána řada zásadních energetických otázek stranou. Německo je největší evropskou ekonomikou a k problematice týkající se evropské energetiky bude muset zaujmout určitý postoj, který jistě ovlivní i situaci v ČR. Evropská energetická politika prochází těžkým obdobím. Německo k tomu určitým dílem přispívá. Prvním problémem, který se nyní řeší, je otázka fungování společného trhu. V roce 2009 došlo k obrovskému rozvoji obnovitelných zdrojů, který byl stimulován energeticko-klimatickým balíčkem. To do určité míry oslabilo ideu společného trhu s energiemi. Obnovitelné zdroje jsou a budou finančně podporovány, jsou preferované při připojování, což však vede k tomu, že vytlačují konvenční zdroje z trhu. Konvenčních zdrojů, které jsou v Evropě ohroženy právě finanční podporou obnovitelných zdrojů, je celá řada. Dnes dochází k dělení evropského trhu na dvě části. Jedna je finančně podporovaná a druhá, která poskytuje konvenční zdroje, podporovaná není. Stále častěji se však ozývá a požaduje také příspěvek na svou činnost. Dostáváme se však do určitého začarovaného kruhu, kdy jedny podpory jsou kompenzované podporou další. Podpora obnovitelných zdrojů je problematická i z pohledu vytváření trhu, protože finanční podpora je distribuována na národním principu. To nepomáhá společnému trhu a vede to k jeho nacionalizaci trhu a roztržení.

Další poznámka Filipa Černocho se týkala obchodování s emisními povolenkami. Systém, který je určitou vlajkovou lodí celé environmentální agendy ve vztahu k energetice, je v tuto chvíli prakticky mrtvý, cena spadla na 5 Euro za povolenku (tzn. za jednu tunu CO<sub>2</sub>). To z celého systému vytvořilo pouze drahé byrokratické cvičení. Případný kolaps EU ETS by představoval velký problém, protože velká část evropských zemí, firem a politiků vložila do tohoto systému nemalé prostředky a úsilí. Kolaps by znamenal oslabení celé environmentální dimenze energetiky.

Je otázkou, jakým způsobem německá energetika v oblasti společného trhu ovlivňuje i okolní země. Dle některých odborníků se Německo může vyrovnat s přestupem na obnovitelné zdroje tím, že bude více exportovat k sousedům. Avšak jako nechtěnou ukázkou vedlejších následků zde může sloužit příklad Nizozemska, kde kvůli německým exportům museli uzavřít některé plynové elektrárny. Jinými slovy německé obnovitelné zdroje finančně podporované německou vládou přivedly nizozemské společnosti do problémů. To je přímá výzva jakýmkoliv základním principům společného energetického trhu. Německo bude muset najít cestu, jak se postavit ke společnému trhu a jak se postavit k tomu, že čím dál tím větší část německého trhu je podporovaná a tudíž státem ovlivněná.

V rámci česko-německé spolupráce Filip Černoch identifikoval několik významných oblastí. Zprv se jedná o oblast jaderné energie, kde se postoje obou zemí liší. Na půdě EU probíhá nyní debata, zda nebude jaderná

energie vyňata ze článku 107, který upravuje možnosti státní podpory pro energetiku. Tuto otázku otevřela Velká Británie, avšak aktuální je i pro ČR. Druhé téma se týká břidličného plynu. V ČR je to uzavřené téma, ale v Německu diskuse stále probíhá. Břidličný plyn významně přispívá k nízkým cenám energií. Dalším tématem je otázka elektrických i plynových interkonektorů. Tyto kapacity jsou v EU hodně pod-investované a jejich budování je velmi komplikované. Posledním tématem jsou již zmiňované emisní povolenky, kdy obě země zaujímají poměrně nejasný postoj. V těchto bodech by se ČR a Německo měly snažit najít společnou řeč a bude na naší politické reprezentaci, jak se k tomu postaví.

## **JIŘÍ HORÁK** *EU Affairs, ČEZ*

**Jiří Horák** navázal na to, čemu se věnovali jeho kolegové. Nejprve se zaměřil na návrh nové strategie evropské energetické politiky, kterou předložilo deset velkých evropských firem. Tyto společnosti vyrábějí 50 % elektřiny produkované v EU a jsou také odpovědné za výrobu 30 % energie z obnovitelných zdrojů. Aktuálně se formuje rámec evropské klimatické a energetické politiky a tyto firmy chtějí přispět k její možné budoucí podobě. Zprv se tato iniciativa chce zaměřit na ceny energie, aby tak koneční spotřebitelé platili pouze cenu za elektřinu a ne také za jiná politická opatření. Druhá oblast je zaměřena na zajištění spolehlivých dodávek elektřiny i zemního plynu. Třetí částí je posílení iniciativ EU v oblasti klimatických ambicí. V roce 2008 byla uzavřena dohoda, ve které stálo, že EU bude v oblasti energetiky používat dva hlavní nástroje. Těmi jsou zvýšený dohled nad konkurenceschopností a liberalizace, která vede k vytvoření vnitřního trhu s energiemi a má sloužit k účinné alokaci kapitálu a investic. Druhou částí dohody je boj proti emisím skleníkových plynů. Došlo k nastavení předpokladů vývoje ceny emisní povolenky. Tyto předpoklady však počítaly s růstem ceny a nikdo tak nepočítal s ekonomickým oslabením. Systém emisních povolenek „Cap and Trade“, na kterém stojí celý EU ETS, je fixní a proto došlo k přebytku emisních povolenek a snížení jejich ceny. To je důvod, proč se dnes téměř nevyplatí investovat do různých zdrojů. ČEZ by doporučoval oživení trhu, proto podporuje tzv. „back loading“, který umožní dodat druhý dech obchodování s emisními povolenkami. Je však také nutná reforma tohoto systému. Co je potřeba nyní udělat? Dle Jiřího Horáka je nutné zajistit, aby trh s emisními povolenkami fungoval v horizontu krátkodobém, střednědobém i dlouhodobém. To lze zajistit v první řadě krátkodobými opatřeními (např. zpětné vzetí některých povolenek). Dále je dle Jiřího Horáka třeba zavést hlubší reformy. Je nutné se vyhnout všem distorzím, které ovlivňují trh, např. snížit možnosti využívání podpory energetických zdrojů, což pomůže nastavit shodné podmínky na evropském trhu. Kapacitní mechanismy by měly fungovat jako výjimečný nápravný prostředek aktuální nefunkčnosti trhu s uhlíkem a neměly by tak být plošně uváděny v praxi. Hlavním nástrojem by měl zůstat trh EU ETS, avšak musí se navrátit k jeho hlavním zásadám a předpokladům. Skupina ČEZ se v této oblasti snaží prosazovat model EFCAT, což představuje jednu z možných reforem EU ETS. Tento model by měl být flexibilní a schopen reagovat i na ekonomické výkyvy. Druhou možností je nejít cestou reformy EU ETS, ale zvýšit regulaci, která postupně trh nahradí. Zde se dostáváme k hlavní otázce – co skutečně chce EU v oblasti trhu s energiemi? Chce dosáhnout vnitřního trhu, nebo chce tento systém regulovat? Na závěr Jiří Horák zdůraznil to, co je podle něj nejdůležitější udělat, a to je reforma EU ETS.