

Sustaining Multilateralism in a Multipolar World

What France and Germany Can Do
to Preserve the Multilateral Order

Edited by Claire DEMESMAY and Barbara KUNZ

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The Study Committee
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relations

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Abstract

While international multilateralism is under strain, it is vital for France and Germany to defend it, since it is the most appropriate system for preserving their interests – particularly in terms of welfare, security, prosperity and environmental protection. In this sense, three political fields are of priority for joint initiatives: trade, conventional arms control and climate change. On these issues, both governments share not only concerns, but also common positions. However, when it comes to concrete measures, they often face differences of interest that are difficult to overcome. In addition, they must also engage like-minded partners on a case-by-case basis, not only inside but also outside the EU.

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Introduction

Claire Demesmay, Barbara Kunz

The liberal international order is under strain. So are the rules-based international organizations and regimes intended to organize states' interactions at a global or regional scale. Against the backdrop of key players such as the United States or China questioning these institutions and regimes in a more and more open manner, fears are that the future of international relations will again be marked by the rule of the strongest. To prevent this from becoming a reality, France and Germany have positioned themselves as champions of multilateralism. Based on three case-studies, this paper will assess what contributions Paris and Berlin can actually make.

Indicators for the decline of multilateralism are manifold: the United Nations Security Council is paralyzed, while international fora – even of like-minded countries – such as G7 summits cannot agree on final declarations anymore. International agreements like the 2015 Paris climate deal are rejected by major players. The functioning of multilateral institutions such as the World Trade Organization (WTO) is even outright challenged in particular by the new unilateral US trade policy. Reasons for this are at least twofold. First, the emerging multipolar international system makes the post-World War II order look increasingly outdated and inadequate. Second, the United States is no longer guaranteeing this post-World War II order; rather, its current administration is actively working toward its dismantling.

Yet, effective multilateralism remains a key interest for most of the Member States of the European Union (EU). This of course includes France and Germany. The reasons are almost a common place: multilateralism is at the heart of the European value system built after the end of the Second World War. International relations should be based on international law and peaceful negotiations rather than on the supremacy of the strongest. European states are far too small and weak to solve global challenges on their own, be it global warming or conflicts over trade. Their ability to influence the course of the world is limited. Acting together as the European Union increases their weight. But even when joining forces as the EU, some issues are too big for European states to solve. They will, for instance, not be able to settle the trade battle between the United States and China even though they are directly suffering the consequences. It is only through

international cooperation, with more partners united behind their objectives, that they have a chance to be heard.

On the necessity to preserve multilateralism, France and Germany are on the same wavelength. The question is: what can they actually do to uphold the multilateral international order? At an institutional level, Paris and Berlin decided to take advantage of Germany's non-permanent seat on the United Nations Security Council in 2019-2020 to cooperate closely in New York. The succession of their respective presidencies, a result of France following Germany in the alphabetical order in March and April 2019, provides an opportunity to better coordinate their work programs and to define common priorities – namely the protection of humanitarian personnel and the respect for international humanitarian law, conflict resolution and commitment to peace as well as the defense of women and their better participation in peace processes. In addition to this “twin presidency,” Paris and Berlin will be in close consultation over the coming months in order to adopt common positions. These should go as far as possible, and allow their European partners to identify with. As France and Germany made clear in the Treaty of Aachen signed on January 22, 2019, when they reiterated their commitment “to an international rules-based order founded on multilateralism and centered on the United Nations,” this close cooperation will continue once Germany is again out of the Security Council. Exchanging staff in their permanent representations to the United Nations in New York will play a crucial role in this endeavor. In the long run, a permanent seat for Germany is an objective for Franco-German diplomacy.

Yet, the envisaged cooperation also has clear limits. As then French minister for European affairs Nathalie Loiseau made unequivocally clear, it is out of the question for France to truly share its permanent seat.¹ Preserving multilateralism may well be a foreign policy objective – but not at the expense of reduced national room for maneuver.

The United Nations is of course an important forum and any Franco-German cooperation is highly welcome. However, it is only one of many multilateral fora and institutions – and not the only one that is weakened or even questioned. For instance, the same applies to the Organization for Security and Cooperation in Europe (OSCE) and for the WTO, as mentioned above.

But fora and institutions are merely means to an end, hardly ends in themselves. This paper therefore focuses on sectors of multilateral

1. See e.g. A. Boisselier, « Non, la France ne va pas partager son siège au Conseil de sécurité de l'ONU avec l'Allemagne », *Le journal du dimanche*, 12 March 2019, available at : www.lejdd.fr.

cooperation rather than on organizations. Its authors identify opportunities for promoting Franco-German cooperation in three very distinct fields: international trade, conventional arms control and climate change. They have in common that they touch upon issues of major relevance for Europeans as well as populations far beyond the EU. Needless to say, these three fields are not the only ones that deserve attention. The three very different cases were selected with care – precisely because they are so different and thus allow for insights into Franco-German cooperation covering a wide range of challenges.

These differences pertain, first, to the degree of “maturity” when it comes to international cooperation on the issue at hand. In the case of trade, an international regime regulating commercial exchanges between nations is already in place. The question is how it can be preserved and updated to include novelties such as digital trade. When it comes to conventional arms control in Europe, in turn, there is no such functioning system. The debate is consequently about whether one should be established. Regarding climate, finally, the current state of play is somewhat in-between: steps toward a regime meant to fight climate change have been taken, but these are insufficient and scientific research points toward the fact that greater efforts are indispensable. Moreover, key agreements are not implemented by all parties, such as the Paris Agreement on climate change, which 195 countries adopted in December 2015.

In the three fields, the experts proceed in the same way. After outlining the challenges and risks Europe is facing in the ten to fifteen years to come, they discuss Paris’ and Berlin’s assessment on the issue at hand. In a third step, based on shared interests and priorities, the authors then identify priority fields of action for Franco-German cooperation.

The experts agree on one point: in all of these fields, the main risk in the years to come is that of deep destabilization:

- In global trade due to the rise of protectionist measures and outdated trade rules;
- In European security due to escalating military conflicts, spurred by an ever more intense arms race, the risk for accidental escalation and the absence of transparency and channels for crisis communication;
- In the environment and ecosystems because of global warming, not least due to a lack of measures to decarbonize economies rapidly enough.

In all these fields, there is room for joint initiatives by Paris and Berlin. On most of the related issues, both governments share not only concerns, but also common positions. This is of course not to say that priorities and

positions are entirely congruent. On trade, France is more insistent on sustainability issues than Germany. But both governments are in favor of reforming the WTO in response to new realities and support the EU's proposal for a multilateral Investment Court System. Paris and Berlin also share a rather defensive approach to trade-distorting practices. When it comes to conventional arms control, priorities are not really on par: the issue is much higher on Berlin's agenda than it is on Paris'. And regarding climate change, France and Germany are both convinced of the necessity of a global low-carbon transition, but still disagree on carbon pricing and on the revision of the EU target for reducing its greenhouse gas emissions. On such strategic issues, both governments must intensify their efforts to achieve common concrete objectives.

Still, and this is the second point on which our experts agree, such cooperation only makes sense if the Franco-German approach is open to other partners – first and foremost EU Member States as natural partners. EU cohesion is a prerequisite for credibility and influence vis-à-vis major international players. European governments are regularly tempted to act alone, e.g. regarding the Chinese Belt and Road Initiative. Against this backdrop France and Germany have a unique responsibility to bring the other Member States together around a common position and to avoid dissonant voices that would weaken the EU on the international scene. For the same reason of credibility, they must also work to preserve and increase EU autonomy, in particular in terms of economic, security and energy policies.

Moreover, the Franco-German engine needs allies outside the European Union. Both governments are well aware of this and their foreign ministries have called for the establishment of “flexible networks of committed states which, [with] variable geometry and the diversity of participants,”² organized around a Franco-German linchpin. Partners must be identified on a case-by-case basis, even within the same political field. Trade is a good example of such a differentiated approach: whereas the Europeans cooperate with China and 11 other members of the WTO on reforming the Appellate Body, they are very close to Japan and the US on trade-distorting practices. Moreover, in order to remain open to a multitude of partners and to avoid confrontation, it is important for partnerships not to be exclusive. On arms control, for example, France and Germany must work together with their NATO partners, but also with Russia as the obvious key interlocutor. Finally, they must not only consider the major players, but

2. J.-Y. Le Drian and H. Maas, „Wer, wenn nicht wir?“, *Süddeutsche Zeitung*, 14 February 2019, available at: www.auswaertiges-amt.de.

also co-operate with their immediate neighborhood – such as African countries on climate protection.

Sustaining multilateralism in a multipolar world.



International Trade



Conventional arms control



Climate change

Risks and challenges

New unilateral US trade policy and outdated multilateral trade rules threaten the functioning of the WTO

A new arms race in Europe due to the deteriorated relationship with Russia

The promises of the Paris Climate Agreement are insufficient to avoid climate change

Rising trade tensions between the US and China profoundly destabilize global trade

Accidental escalation leading to major conflict, spurred by the absence of crisis channels of communication

The US withdrawal from the Paris agreement could lead to relax efforts, particularly in large emerging countries



France and Germany need to commit to and support...



Reforms to the WTO Appellate Body in order to restore the full operation of the WTO dispute settlement function.

↓

The tightening of WTO trade rules to increase the level playing field for WTO members

↓

New set of trade rules, including on e-commerce, investment, competition

↓

The establishment of an Investment Court System (ICS) on a plurilateral basis

New efforts at establishing an updated regime for conventional arms control in Europe

↓

Prioritize the creation of crisis channels of communication

A rapid discussion at regional level on the integration of the European electricity system

↓

EU cohesion on CO2 emission reduction targets.

↓

A better bilateral co-ordination of France's and Germany's energy diplomacy

Source : Sustaining multilateralism in a multipolar world. What France and Germany can do to preserve the multilateral order. Claire Demesmay, Barbara Kunz (ed.), Ifri, June 2019.

International trade

Elvire Fabry and Claudia Schmucker

International Trade is an important part of international affairs. Countries are becoming more and more economically interconnected through trade and investment. The basic rules, which govern global trade, are laid down at the World Trade Organization (WTO), which acts as a guardian of the global trade order.

The functioning of the WTO is now in danger due to the new unilateral US trade policy as well as outdated multilateral trade rules. France and Germany are currently very vocal in their defense of multilateralism. Recent joint initiatives demonstrate a strong engagement to support an EU trade policy committed to save the international trade order. Yet, the EU's capacity to bring back the US and China to the WTO negotiation table could be seriously weakened if France and Germany let these two big trade actors take advantage of their asymmetric export dependency to weaken the cohesion and the overall solidarity of EU member states.

What are the risks in the 10 to 15 years to come?

There are four significant risks, which have an impact on the outlook for the global trade order.

First, US President Donald Trump is currently putting one of the core functions of the WTO, the binding dispute settlement body (DSB) at risk. The enforceability of rules is a unique feature of the WTO. Although the DSB is only one pillar of the whole organization, it has gained in importance as the rule-making function of the WTO is basically blocked.

As a result of the US refusal to appoint new judges to the Appellate Body (AB) and their denial to discuss reforms put forward by the EU and other WTO member states such as China, the AB will cease to function in December 2019. This will increase the uncertainty and tensions in the multilateral scene in the years to come. It could spark a rise of protectionist measures and profoundly destabilize global trade. It is not obvious whether a "nuclear option" of a qualified majority to appoint new judges to the Appellate Body, an ad hoc arbitration system, or a replication of the

Appellate Body's procedures in a separate agreement, signed by a "coalition of the willing", could provide a sustainable option to preserve the multilateral dispute settlement system.

A second challenge will be to tighten WTO trade rules to increase the level playing field for WTO members. WTO rules, which date back to 1995, are not able to deal with issues which distort international trade, such as harmful state-subsidized trade or state-owned enterprises (SOEs). This is particularly evident in the case of non-market economies like China. The EU's initiative to form a coalition with the US and Japan to counter subsidy notification failures is a first step in the right direction for better monitoring of current agreements. However, in the long-run, an amendment of the WTO Agreement on Subsidies and Countervailing Measures would be required; along with an amendment of the WTO monolithic categorization of developed and developing countries, the latter being granted exemptions in the limitation of subsidies.

A third problem relates to the fact that the nature of trade has changed since the creation of the WTO. We are now dealing with regional and global value chains, which require a new set of trade rules. These would have to include rules on e-commerce, investment, competition, as well as special rules on SMEs. The WTO also lacks rules on sustainability issues. The Paris agreement on climate change requests mainstreaming the objectives of greenhouse gas reduction in numerous policies, and notably trade policy. Although there will probably be strong resistance for further WTO rules on sustainability, the pressure coming from Western civil societies for greater coherence between trade and sustainability goals could open the way to new WTO sustainability rules.

A fourth challenge will be the establishment of an Investment Court System (ICS). The lack of multilateral WTO rules in investment leads to a disparity of arbitration systems around the world, which continue to fuel intense debate. In particular, the present use of the Investor-State-Dispute-Settlement (ISDS) has faced increasing criticism in Europe as well as in other WTO countries like India, Indonesia or South Africa. The EU's proposal to launch this ICS on a plurilateral basis could pave the way for a progressive multilateralization of the Court. However, there is also strong opposition coming from the United States or Japan.

What is the position of France and Germany with regard to international trade?

France and Germany are not only strong supporters of multilateralism, both have also a strong interest in rescuing and reforming the WTO. As countries which are highly interconnected and dependent on world trade, the functioning of the WTO is of great importance for both of them. As EU member states they are part of the Common European Commercial Policy, in which the European Commission speaks on behalf of the (currently) 28 EU member states. Because of the importance of the WTO, the Commission published a paper on WTO modernization in September 2018.³

- In this paper, the European Commission (also on behalf of France and Germany) proposed reforms to the WTO Appellate Body, which effectively addresses all of the concerns issued by the US, in order to restore the full operation of the WTO dispute settlement function. The EU sees the DSB as an essential function of the WTO, which needs to be rescued. Consequently, all EU member states - including France and Germany - condemn the actions of the US, support the EC proposal, and start discussions on a possible Plan B to establish a parallel dispute settlement system at the WTO by a coalition of the willing, if the US does not change its behavior.
- The question of how to deal with trade-distorting practices such as Chinese ones have been high on the agenda in France and Germany for a long time. President Macron was already focusing on Chinese dumping activities, while being Minister for the Economy. After his election, he strongly supported a more defensive approach against Chinese distortions, particularly regarding Chinese foreign direct investment (FDI). Germany shares these concerns regarding Chinese FDI and tightened its “Außenwirtschaftsgesetz” in December 2018 to protect security-relevant companies from Chinese investors.⁴ In the end, these common concerns led in September 2017 to a French, German and Italian initiative on an EU screening mechanism for FDI, which now reached a political agreement and will be voted on in the European Parliament during the spring 2019.

3. European Commission, *Concept Paper: WTO Modernization*, September 2018, available at: http://trade.ec.europa.eu/doclib/docs/2018/september/tradoc_157331.pdf.

4. D. Heide, „Berlin will Übernahmen deutscher Firmen aus dem Ausland erschweren“, *Handelsblatt*, 16 December 2018, available at: www.handelsblatt.com.

On an international level, France and Germany strongly support the European Commission's concrete proposals for the WTO to improve transparency and subsidy notifications, to better capture SOEs and the most trade-distorting subsidies from countries such as China. They supported as well the EU initiative (EU-US-Japan), which advocates new multilateral rules on subsidies notifications and SOEs.

- Germany and France also both see the necessity to establish modern trade rules at the WTO-level to deal with the new realities in trade. As this is a common EU position, the European Commission took part in the plurilateral initiatives on e-commerce, investment facilitation, and MSMEs, which were initiated at the WTO Ministerial Conference in Buenos Aires in December 2017. All EU member states support the idea of "flexible multilateralism", in which a coalition of willing countries move forward to establish new trade rules.

France also puts a special focus on sustainability issues in trade. In response to the criticism regarding CETA and TTIP, Macron started to rebuild a positive narrative on trade by advocating a profound renewal of EU trade policy. He proposed third generation trade agreements supporting ambitious sustainability goals, which would go well beyond the usual environmental and SPS norms applied to imports: they should focus instead on the value chain itself, with the willingness to use the leverage of EU norms along the entire process of production. While the German government agrees in principle, but is not willing to go that far, the German Green Party supports these proposals. But unlike France, which threatens to cancel trade negotiations (with e.g. Mercosur) if one of these countries quits the Paris Agreement, the German government so far has not expressed this issue as a red line in trade agreements, even if it pushes for strong sustainability chapters. Both countries advocate stronger rules at the WTO level.

- France and Germany support the EU proposal for a multilateral Investment Court System. Both countries experienced strong opposition during the CETA/TTIP negotiations with Canada and the US with regard to the present ISDS system, which was seen as a way for companies to circumvent existing standards and to undermine democracy. In response to these protests, the European Commission initiated the idea of an ICS. Together with France, Germany was therefore one of the main proponents of the new court system - despite having the largest network of bilateral investment treaties (including ISDS provisions) in the world.

Which fields of action for Paris and Berlin, and which partners?

German French cooperation over multilateral trade concerns needs to be considered in the broader context of rising trade tensions between the US and China and of the increasingly challenging trade relations that the EU is having with both countries respectively. The EU could benefit from the US-China confrontation if it succeeds to bring them back to the negotiating table at the WTO. Yet, it is itself uncomfortably exposed to both countries. Keeping its distance from both sides is prudent. But this leaves the EU with little leeway and both the US and China know how to make use of the specific national interests of individual EU member states and of intra-European divisions. To preserve and increase the EU's leverage and leadership in the WTO reform, the cohesion of EU member states in the months and years to come is crucial, and France and Germany – as the two largest member states – have a specific role to play in taking the initiative and fostering this cohesion around common European positions.

This relates to the US offensive position in the transatlantic trade negotiations and the threat of higher tariffs on car imports. President Trump targets specifically Germany, while simultaneously asking to include agriculture in the talks, an issue strongly rejected by France. In light of the asymmetry of their respective exports capacity in the two sectors, this could potentially turn into a divisive factor.

It also relates to the response towards the Chinese Belt and Road Initiative (BRI). While most member states have concerns with the Chinese market distortions, the EU is just starting to build a coherent response to the BRI, notably with its September 2018 strategy “Connecting Europe and Asia”. France and Germany cooperated closely on FDI screening. And France welcomes the more defensive approach on the German side towards Chinese investments. But a closer cooperation on the long-term prospect of the BRI for the EU is most needed, while member states so far tend to prioritize their short term national self-interest. To spur the consistency of the overall EU trade policy, including the defense of multilateralism, and to increase the EU leadership with regard to WTO reform, the solidarity between France and Germany is thus key. It should lead to a more active cooperation to preserve the EU's autonomy in matters of security and economic policy. A key test would notably be, in the short term, the capacity of France and Germany to jointly address the cybersecurity concerns raised by the offer of Chinese companies like Huawei to develop member states 5G networks, while alleged to cooperate with Chinese intelligence services. They should jointly support the Commission's initiative requesting the member

states to conduct a risk assessment of their 5G network infrastructure and to allow the EU's cyber agency ENISA to process the information, in order to increasing awareness and to map the threats at the level of the Single Market.

Furthermore, the issue of new rules for sustainability, which is of special concern for France, could gain in importance for Germany. Chancellor Merkel already puts climate change on top of her agenda. But the recent good results of the Greens in Hesse and the prospects for good results in the EP elections, could be an additional incentive for closer cooperation in the promotion of ambitious sustainability chapters in EU trade negotiations and the reform of multilateral rules in this regard.

Finally, the EU is rightly pursuing a flexible strategy to look for like-minded partners on a case-by-case basis in order to advance their common interests. With regard to the Appellate Body reforms, the EU reform proposal published on 26 November 2018, was co-sponsored by 11 other members of the WTO, notably China. In the area of trade distorting measures (subsidies, SOEs, forced technology transfer), the EU works closely together with the US and Japan in the Trilateral Initiative to address their shared concerns. Its project of an Investment Court System, which could be launched first on a plurilateral basis, has gained the support of Canada, Singapore, and Vietnam. Other countries like Australia and New Zealand have already expressed their interest. Concerning modern trade rules, the EU is part of the plurilateral initiatives initiated by WTO members in December 2017 on investment facilitation, MSMEs and electronic commerce, which has notably led to the announcement on January 25, 2019, of 75 WTO members – among which the US and China – kicking off negotiations on more open and predictable rules and regulations for digital trade. In addition, as G7 and G20 members, France and Germany can play a leading role to get third countries to support EU's defence of multilateralism.

Conventional Arms Control

Barbara Kunz, Eric-André Martin and Wolfgang Richter

With the end of the Cold war, the conditions for security in Europe changed dramatically. After decades of military tension, fuelled by huge concentrations of conventional forces on both sides of the Iron Curtain, the permanent risk of a large scale attack led by a mechanized force had vanished. In Western Europe in particular, the focus shifted to other challenges such as force projection, crisis management and the fight against non-state actors. One of the consequences was the erosion of the conventional arms control framework in Europe. Five years after Russia's annexation of Crimea, it seems clear that such a framework is very much needed as the overall security climate in Europe is deteriorating.

What are the risks in the 10 to 15 years to come?

Without a functioning regime for conventional arms control, there is a high risk for a downward spiral in European security. A new arms race on the continent is in no one's interest. Mechanisms to prevent accidental escalations are also crucial in the current situation. At a time when it is increasingly clear that the deteriorated relationship with Russia is there to last, it is thus necessary to identify new approaches in order to (re)establish a functioning arms control regime. Regardless of differences on a number of issues pertaining to the European security order and the values it is based upon, it is in all Europeans' interest to enhance security through increased transparency, verifiable restraint and the creation of emergency channels of communication.⁵ It is consequently key to switch to an updated mind-set with respect to cooperative security in Europe.

Unlike nuclear arms control, which is almost exclusively a matter of bilateral agreements between the United States and Russia as the successor of the Soviet Union, conventional arms control in Europe is based on three multilateral pillars: the Treaty on Conventional Forces in Europe (CFE Treaty) and the Open Skies Treaty, complemented by the politically binding Vienna Document on Confidence and Security-Building Measures. Yet,

5. A point also made in e.g.: U. Kühn, "With Zapad over, is it time for conventional arms control?", *War on the Rocks*, 27 September 2017, available at: <https://warontherocks.com/>.

these approaches are in a dead end. The limitation regime of the CFE Treaty was challenged the day it entered into force in 1992: negotiated during the Cold War and based on bloc logics, it aimed at a balance of reduced and equal forces between opposing NATO and Warsaw Pact; but the latter had ceased to exist. Nevertheless, the West insisted that post-Soviet States accede to the treaty for stability reasons while Russia wanted to contain NATO numerically and geographically within the area of application between the Atlantic and the Urals. When NATO began its enlargement to the East both sides agreed on the adaptation of the CFE Treaty. In particular, the CFE bloc ceilings had to be replaced by national and territorial limitations of every State Party.

The Adapted Treaty on Conventional Forces in Europe (ACFE) signed in 1999, never entered into force. Western states did not ratify it because Russia refused to fulfil the “Istanbul-Commitments”⁶ enshrined in the CFE Final Act of 1999. In 2007, Russia stopped implementing most provisions of the CFE Treaty and in 2015 left CFE consultation bodies, citing NATO’s Enhanced Forward Presence as the reason. The CFE Treaty is still implemented by 29 States Parties.

Observation flights under the Treaty on Open Skies provide additional verification tools complementing other arms control treaties. After a blockade of observation flights in 2018 due to a Georgian-Russian dispute on safety distances toward Georgian break-away regions, in 2019 regular Open Skies operations have resumed. However, Georgia has unilaterally suspended implementing the treaty in relation to Russia.

The Vienna Document provides for transparency and verification of military activities in its area of application between the Atlantic and the Urals, besides Central Asia. However, its scope is limited as it focuses on activities of land forces and their direct air support but does not cover naval forces, air defense, offensive air operations, tactical ballistic and cruise missiles, strategic conventional forces and internal security forces. Therefore, there is a conceptual information gap in regard of force structures and large-scale military activities. Exceptions for prior information of snap exercises add to uncertainties in times of increased tensions. NATO has requested Russia not to exploit such gaps and fully respect the document’s provisions as to its letter and spirit, particularly in regard of large scale and snap exercises. Furthermore, it aims at modernizing the Vienna Document, *inter alia* by improving risk reduction measures and lowering thresholds for the notification and observation of exercises. However, Russia is not

6. At the OSCE’s 1999 Istanbul Summit, Russia committed to withdrawing its regular forces from Georgia and Moldova. The presence of Russian peacekeepers in disputed territories was based on separate mandates approved by the UN and the OSCE.

prepared to agree on such adaptation as long as NATO confronts Russia with a deterrence posture and blocks revitalizing conventional arms control including legally binding limitations.

In addition to political obstacles, the existing conventional arms control regime does not reflect enhanced force capabilities due to technical evolutions and the emergence of new technologies such as long-range precise strike capabilities, improved air and missile defense providing large anti-access/area denial capabilities (A2/AD), strategic mobility or combat drones. Moreover, entire regions are not covered by the CFE Treaty, first and foremost the three Baltic States, despite the Baltic Sea Region being a key area in the current situation where NATO security guarantees apply.

What is the position of France and Germany with regard to conventional arms control?

Germany defined the rules-based international order underpinned by norms and values as a national interest in its 2016 White Paper on German Security Policy and the Future of the Bundeswehr. It has long shown strong engagement for conventional arms control, most recently so in August 2016 during its OSCE Chairmanship with the so-called Steinmeier Initiative.⁷ The Initiative resulted in the Organization's Structured Dialogue, currently "the only multilateral and inclusive forum for discussing politico-military challenges in Europe with Russia."⁸ The initiative is supported and accompanied by a group of initially fourteen "likeminded countries" that declared that there is "an urgent need to re-establish strategic stability, restraint, predictability and verifiable transparency and to reduce military risks."⁹ Today, it counts 24 members. It has, however, not managed to provide input as a group to the Structured Dialogue or to adopt a coherent common approach. By joining in from the outset, France helped to create momentum for the initiative – while the United States (as well as the "usual Atlanticist suspects") refused to do so and took a critical stance. Russia is also skeptical but engages actively under the condition that the process leads

7. F.-W. Steinmeier, „Mehr Sicherheit für alle in Europa – für einen Neustart der Rüstungskontrolle“, *Frankfurter Allgemeine Zeitung*, 26 August 2016, available at: www.auswaertiges-amt.de.

8. C. Nünlist, „Under Pressure: The Uncertain Future of the OSCE Structured Dialogue“, Security and Human Rights Monitor, 29 November 2018, available at: www.shrmonitor.org.

9. German Federal Foreign Office, “Ministerial declaration by the foreign ministers of the like-minded group supporting a relaunch of conventional arms control in Europe”, Press release, 25 November 2016, available at: www.auswaertiges-amt.de.

to de-escalation of the current tensions even if fundamental disputes remain unresolved.

Traditionally, France has played a greater role in nuclear arms control than in the conventional field. Conventional arms control is consequently less perceived as crucial for the nation's security. French and German approaches are nevertheless complementary. French diplomats insist on the relevance of conventional arms control: "There can be no strategic stability without a set of common rules to frame military competition. We are therefore in favor of continuing discussions on arms control, confidence-building, transparency and risk-reduction measures, initiated last year under the German chairmanship in the context of the OSCE's Structured Dialogue."¹⁰

At the most general level, France and Germany are currently among the most heavy-weight representatives of the West's "dual track" approach in reaction to Russia's annexation of Crimea and other violations of international law. While seeking to reassure its allies on NATO's Eastern flank, both Paris and Berlin regularly insist on the necessity to continuously seek dialogue with Russia.

Which fields of action for Paris and Berlin?

With respect to conventional arms control in Europe, there is room for joint Franco-German action on a number of issues as well as within a number of arenas.

Within the EU and NATO, France and Germany must continue their efforts at convincing their allies that arms control does not undermine their security but reduces the military capabilities for offensive cross-border operations, prevents surprise attacks and ensures that collective defense requirements are met in time. Nor is discussing arms control with Russia a sign of normalization and acceptance of Moscow's violations of international law. Arms control cannot be regarded as "business as usual"; it constitutes an essential element of NATO's strategy to protect its own security and enhance stability. In line with the above-mentioned "dual track approach", it is worth underlining that arms control is neither detrimental to nor incompatible with a deterrence approach like the Enhanced Forward Presence in the Baltic States and Poland.

10. Permanent Mission of France to the United Nations in New York, "The OSCE is essential for security in Europe", Statement by François Delattre, Permanent Representative of France to the United Nations, 22 February 2017, available at: <https://onu.delegfrance.org/>.

Under present circumstances, managing and limiting the risks of accidental confrontation should constitute the core of the new political rationale for conventional arms control. Realizing that the Structured Dialogue suffers from its broad mandate, future efforts should thus be much narrower in scope and, in particular, pertain to three areas. Actors should, first, assess the operational implications of force postures on both sides and the meaning of military doctrines against the background of actual military activities. Second, it is crucial to prevent accidental escalation, e.g. due to so-called non-cooperative flights in international airspace, in particular in NATO-Russia contact zones.¹¹ Third, enhancing transparency of large-scale and unscheduled military exercises is necessary.

Moreover, a system of regional reciprocal limitations could address heavy weaponry in the wider Baltic Region, or at least provide a mechanism to prevent the additional permanent deployment of combat force.

The traditional arena for conventional arms control and CSBMs in Europe is the OSCE. Many reasons speak for continued engagement in this context, not least the fact that the OSCE is the only forum in which the “West” and Russia meet on an equal footing. Yet, that organization faces considerable obstacles.¹² The current state of East-West relations has considerable detrimental effects on the OSCE that is dependent on all participating states’ goodwill and consensus among them. For that reason, other fora must be considered in addition to Vienna. One of them is NATO and the NATO-Russia Council. It should be in the interest of both Russia and NATO to contain the risks stemming from military activities in the common zone of contact in the Baltic area. A stability regime there based on existing restraint commitments enshrined in the NATO-Russia Founding Act and enhanced by intrusive transparency and verification provisions might help to deescalate the situation and prevent another sub-regional arms race.

In sum, the only way to know whether Europe can escape from the current state of “cold confrontation” is to engage the parties into a discussion and try to (re)establish confidence between them. The risks are limited and the potential gains are huge. The issue at stake is cooperative security in Europe.

11. See also OSCE Network of Think Tanks and Academic Institutions, *Reducing the Risks of Conventional deterrence in Europe. Arms Control in the NATO-Russia Contact Zones*, Vienna, December 2018, available at: <http://osce-network.net/>.

12. C. Nünlist, “Under Pressure: The Uncertain Future of the OSCE Structured Dialogue”.

Climate

Carole Mathieu

A multilateral approach to the climate challenge is a key precondition for moving forward with decarbonization efforts at a speed commensurate with the challenge at hand. It is a guarantee that the climate constraint urgency is taken into account by all, and that global economic competition is not hampered by free-rider behaviors. Besides, concerted financing and R&D efforts will help lower the costs for a global low-carbon transition and accelerate progress. International climate negotiations have been held under the United Nations umbrella since the early 1990's, with the objective of allocating mitigation efforts in a fair, transparent and effective way. The latest milestone is the adoption of the Paris Agreement in December 2015. This Agreement engages all 195 signatories in continuous efforts to curb their domestic emissions and contribute to adaptation efforts. Preserving unity behind the Paris agreement objectives is our best chance, if not our only chance, of keeping climate change within the thresholds considered safe for human societies and ecosystems.

What are the risks in the 10 to 15 years to come?

Celebrated as a major victory for multilateralism, the Paris Climate Agreement nevertheless lost its near-universal dimension with President Trump's decision to cancel the United States' involvement. The withdrawal of the leading historical contributor to the build-up of greenhouse gases (GHG) in the atmosphere has fortunately not caused a domino effect: the pace of ratifications has not decreased and, above all, the negotiators, who met in Poland in December 2018 at the COP 24, reached an agreement on a set of operational rules which will give shape to the main principles set out in the Paris Agreement. These implementation details ensure trust between the parties with regard to their respective obligations, particularly in terms of transparency.

However, after three years of relative stability, global GHG emissions increased in 2017 (+1.6%) and this trend seems to be confirmed, and even

worsened, in 2018 (+2.7%).¹³ In October 2018, the Intergovernmental Panel on Climate Change (IPCC) raised the alarm again about the urgency of a collective reaction. At the current rate of emissions, the threshold of +1.5°C increase in the Earth's average surface temperature could be exceeded between 2030 and 2050 and humanity would then be exposed to irreversible and uncontrollable climate change with grave consequences for health, ecosystems and world stability.

The legacy of the COP21 is formally preserved, but the 2015 promises are insufficient to avoid the threat of climate change. If they are kept, they will only curb the increase in global emissions by 2030, putting us on a path to long-term warming of +3°C.¹⁴ The Paris Agreement was an important step, but the initial round of climate pledges will not be enough to halt global warming. The only hope is that national commitments would be gradually increased and make it possible to bridge the ambition gap over time. However, the US withdrawal makes this prospect much more unlikely. It may serve as a reason to relax efforts, particularly in large emerging countries, hence leading to a collective failure. Consequently, priorities should be to ensure that climate action is given the highest priority in the international agenda, to guarantee a swift and full implementation of the Paris agreement and to convince all Parties to revise upward their climate pledges by the end of 2020.

What is the position of France and Germany with regard to climate change?

On both sides of the Rhine, safeguarding the climate is a major concern for people and a lasting commitment on the part of the States. They represented respectively 2.1 and 0.9% of global GHG emissions in 2017.¹⁵ Germany has targeted a reduction of at least 55% by 2030 compared to the 1990 level, and 80 to 95% by 2050. France is focusing on a reduction of 40% by 2030 compared to the 1990 level and on achieving carbon neutrality in 2050.

To reach these targets, a large set of EU-driven measures have been introduced in the field of energy efficiency, emission standards, public transportation, eco-design requirements, and low-carbon energy sources.

13. C. Le Quéré *et al.*, Global Carbon Budget 2018, 5 December 2018, available at: www.earth-systems-data.net.

14. United Nations Environment Programme, Emissions Gap Report 2018, 27 November 2018, available at: www.unenvironment.org.

15. M. Muntean, D. Guizzardi, E. Schaaf, M. Crippa, E. Solazzo, J.G.J. Olivier and E. Vignati, "Fossil CO2 emissions of all world countries - 2018 Report", available at: <https://edgar.jrc.ec.europa.eu>.

The commitments are strong, but decarbonisation is not a straightforward process: Germany is on course to miss its national 2020 emission reduction target (-40% compared to 1990) and the government agreed to take additional steps to close the gap as soon as possible. However, France has recently backpedalled on the projected increase of its carbon tax after public protests (Yellow vest movement).¹⁶ Both countries are also among the biggest public contributors to “climate finance” to support efforts in developing countries, with a commitment of €4 billion per year by 2020 for Germany¹⁷ and €5 billion by 2020 for France.¹⁸ Finally, French and German diplomats are fully mobilized to support the continuation of the Paris Agreement, as illustrated by the organization of the One Planet Summit at Emmanuel Macron’s initiative or even the efforts by the German Presidency of the G20 for the agreement to be recognized as “irreversible” in the final statement of the July 2017 summit.

Jointly convinced of the necessity of a global low-carbon transition, Germany and France obviously have more marked differences when it comes to defining “clean energy” and targeting public support, with the role of nuclear power at the center of the debates. Since the Fukushima accident in March 2011, Germany has decided to speed up the shutdown of its nuclear power plants and to make renewable energies the cornerstone of its electricity system, as they are considered the only low-carbon, safe and reliable sources in the German context. Concerns about the risks of the nuclear technology have not reached the same level in France, where 58 reactors are currently under operation. Yet, the French government is also committed to a supply diversification process, which should result in the shutdown of 14 reactors by 2035, to reduce the share of nuclear power to 50% of total generation, compared to 72% today. The objective is to reduce the dependence to one single technology and to accelerate the development of increasingly cost-effective renewables, but there is consensus that shifts in the French power mix should not compromise decarbonization efforts. Hence, the objective to shut down the three remaining coal-fired power plants has been given priority over the initial decommissioning schedule for nuclear capacity, and the 50% target has been postponed from 2025 to 2035. Besides, the French government does not rule out the possibility of renewing part of its nuclear fleet by launching new investment projects in the coming

16. Introduced in 2014, the component is included in the calculation of the domestic consumption tax on energy products, natural gas and coal. Set at €44.60/ton for 2018, it was initially going to be raised to €55/ton on January 1, 2019, in line with the trajectory of reaching €100/ton in 2022. There is no similar system in place in Germany to date.

17. Federal Chancellery, “Petersberg Climate Dialogue: Germany increases funding for climate action”, Press release, 19 May 2015, available at: www.bundestkanzlerin.de.

18. S. Roger, “La France va augmenter ses financements climat”, *Le Monde*, 29 September 2015, available at: www.lemonde.fr.

decade, if it is demonstrated that new-built reactors are the best available option to maintain a high share of decarbonized electricity, at reasonable costs and with the highest safety standards.

Thanks to significant financial efforts by German consumers, the share of renewable electricity reached 35.2% in 2018, as opposed to 16.7% in 2010¹⁹. Nevertheless, Germany's Energiewende and its strong push for renewables has not led to significant improvements in terms of emission intensity of the power sector. This is mainly because coal-fired power plants' generation has scarcely decreased and still represents 36.8% of total supply in 2018. To curb national emissions, Germany must take up the coal exit challenge without further delay. In February 2019, the national "coal commission" has advised the German government to shut down its 84 coal-fired plants (40GW) by 2038 at the latest²⁰ in order to find an emissions trajectory compatible with its decarbonization objectives as soon as possible. While 2038 may seem too distant compared to the climate urgency, phasing out coal is no easy task. Avoiding a power supply crunch will require network adjustments and a swift development of renewables and flexibility means. Structural adjustments in lignite mining regions may also cost the German State up to 80 billion euros.²¹

France benefits from an already decarbonized electricity mix to the tune of nearly 90%, but electricity still represents less than a quarter of the total final energy consumption. To further reduce its domestic emissions, France will have to put additional efforts on the transport and residential-tertiary sectors, accounting respectively for 39% and 23% of its energy-related CO₂ emissions in 2017.²² Like Germany on the issue of shutting down its mines and coal-fired plants, France will only be able to advance its low-carbon transition if greater attention is paid to the social implications. The idea of a "just transition" is a key element of the Great National Debate launched following the "Yellow vests" protest and the cancellation of the carbon tax increase.

Germany and France are also struggling to agree on a joint approach to carbon pricing. For fear of harming industrial competitiveness, the German government has not followed up on Emmanuel Macron's proposals to establish a carbon price floor and a carbon tax at the EU's borders, knowing

19. "The Energy Transition in the Power Sector: State of Affairs in 2018", Agoraenergiewende, 4 January 2019, available at: www.agora-energiewende.de.

20. Commission on Growth, Structural Change and Employment, Abschlussbericht [Final Report], January 2019, available at: www.kommission-wsb.de.

21. K. Stratmann, "Wer beim Kohleausstieg in die Vollen geht, darf bei Entschädigungen nicht knausern", *Handelsblatt*, 28 February 2019, available at: www.handelsblatt.com.

22. Commissariat général au développement durable, "Bilan énergétique de la France pour 2017", February 2019, available at: www.statistiques.developpement-durable.gouv.fr.

that these measures would affect the German economy more severely than the French one because its electricity mix is more carbon-intensive and because its economic model is more dependent on industrial exports. However, Germany and France are pursuing the same goals – to improve energy efficiency, foster the development of renewable energy or even promote clean mobility – and most often join forces to achieve ambitious European commitments, as was the case during the 2016-2019 negotiations on the “Clean Energy Package”.²³

Last but not least, both countries are tackling the same questions about the most relevant public policy tools to achieve a deep decarbonization of the economy. As an extension of the public/private dialogue organized by the Franco-German Office for Energy Transition (OFATE) since 2006, the “Interministerial High-Level Working Group on Climate Change”, set up after the Meseberg Declaration in July 2018 and formalized by the Treaty of Aachen, allows cross-functional discussion between representatives from the different ministries involved in the low-carbon transition. It promotes a better understanding of systems in place or under review in each country to then consider joint initiatives and to defend common positions in the EU negotiations. Following the European elections and the designation of a new EU Commission, France and Germany should join forces in the discussions around the EU 2050 low-carbon strategy, the need for a better integration between the electricity, transport and heat sectors (“sector coupling”) and the industrial policy for low-carbon technologies, including battery storage for electric mobility. Franco-German energy co-operation is still seeking anchor points, but this institutional dialogue shows a desire to finally overcome the nuclear controversy.

Which fields of action for Paris and Berlin, and which partners?

After long months of negotiations, Germany and France are both preparing to make strategic choices for the future of their electricity sectors. In both cases, the priority has been to build national consensus to establish the legitimacy of decisions expected for 2019, namely the adoption of a climate protection law in Germany and the publication of the decree on multi-annual energy programming in France. Even if it is late, a discussion at regional level is necessary, as the European electricity system is particularly

23. The “Clean Energy Package” is a set of 8 legislative acts proposed by the European Commission in 2016 to update the EU energy policy framework in a way that will facilitate the clean energy transition and make it fit for the 21st century. The formal adoption was completed in early 2019 and the French-German coordination played an instrumental role in the adoption of higher-than-initially-foreseen targets for renewables or energy efficiency, for example.

interconnected and national guidelines will have effects on electricity exchanges at borders, security of supply and cost of electricity. The balance will be significantly changed in the region, because Belgium's withdrawal from nuclear power, scheduled for 2025, can also be added to the Franco-German challenges. Consultative bodies, like the Pentalateral Energy Forum²⁴ have to be fully involved, so that synergies are found and national choices can be implemented smoothly, without resorting to expensive and temporary carbon solutions, like the construction of many gas-fired plants, which have no place in a deep decarbonization scenario by 2050.

Going beyond the regional framework, Germany and France should stand together for an ambitious Europe on the climate issue. In the Brexit era, the environmental cause is losing a strong ally and it is becoming more necessary than ever to maintain a dialogue with the Visegrad group to avoid forming a climate wall between the western and eastern EU. The next deadline to consider is September 2019, with the holding of a major climate summit at the United Nations' initiative. At that time, the EU must be able to announce an upward revision of its target to reduce its emissions by 40% by 2030, to then try to broaden the "High Ambition Coalition." France is already fully committed to this process, but it still lacks German support. Because of the delays in reducing its domestic emissions and the difficulties in forging a national consensus around the coal phase-out plan, the German government considers that the priority should be to adopt robust policies and fulfil our existing climate commitments. Yet, policymaking and target setting could also run in parallel, and this should be the most effective way to demonstrate the EU's credibility. Time has come to reconcile positions ahead of a further discussion in the European Council in June. It is a precondition for the EU to remain an influential voice and to build momentum for the September UN climate summit.

Finally, Germany and France must think about a better co-ordination of their energy diplomacy. The champion of renewable energy and the guardian of the Paris Agreement finance and are politically involved in a wide variety of international initiatives (International Renewable Energy Agency, International Solar Alliance, Africa Renewable Energy Initiative, etc.). Given the convergence of their priorities, they should build a common strategy and bet on the same institutions to increase their influence and avoid a fragmentation of global governance. Similarly, at a time when the development banks, KfW and AFD, are dedicating an increasing share of

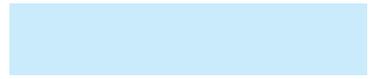
24. Set up in 2005, the Pentalateral Energy Forum initially brought together representatives from the German, Benelux and French Ministries of Energy, and was then gradually extended to Austria and Switzerland. It aims to promote security of supply and the integration of the regional electricity market.

their finance to climate-friendly projects, there is every reason to promote co-operation between the two institutions for a more effective use of their resources. A strengthened partnership, in particular for Africa and the EU neighborhood, could then facilitate the establishment of a European financial architecture for development.²⁵

25. European Commission, “Towards a more efficient financial architecture for investment outside the European Union”, *COM* (2018) 644, 12/09/18, available at: <https://eur-lex.europa.eu/>.

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