

German Coalition Agreement 2021 - 2025

[Fair Trade Advocacy Office](#) internal preliminary analysis

The present notes aim at doing a preliminary analysis of the most relevant commitments of the recently-published German Government Coalition Agreement 2021 – 2025, between the Social Democratic Party of Germany (SPD), Alliance 90/The Greens and the Free Democrats (FDP).

The text refers on numerous occasions explicitly to EU and International policies which help understand the future priorities of the German government at EU and International level, which has increased its relative political weight in the EU after Brexit.

The most positive relevant points in relation to topics linked to **fair and sustainable trade and supply chains** are:

- Support for the **EU "supply chain law"** (*upcoming legislative proposal on sustainable corporate governance, expected in December 2021, which now seems postponed to 2022, tbc*) ([See FTAO briefing info here](#)) and reference to the need of a European Business and Human Rights Action Plan.
- Support for the EC recent legislative proposal on **deforestation-free supply chains** ([see FTAO briefing info here](#))
- Recognition of the importance to promote **living wages and working conditions** worldwide (*"Together with trade unions, companies and civil society, we work for fair and formal working conditions and living wages worldwide."*). It is the first time that a federal government has committed to this.
- Explicit commitment to multilateralism and **"to free and fair trade"**.¹ Repeated references to **the importance of "rules-based free trade on the basis of fair social, ecological and human rights standards"** In relation to the **EU-Mercosur** agreement the agreement states *"We will only support the ratification of the Mercosur Agreement if the partner countries have previously entered into legally binding commitments on environmental, social and human rights protection that can be implemented and verified, and if practically enforceable supplementary agreements on the protection and conservation of existing forest areas have been concluded"* ([see FTAO briefing info here](#))
- Support for an EU-level **ban on imports of products from forced labour** (FTAO note: *Different to EC President Von der Leyen's "zero-tolerance on child labour", the coalition chose to focus on a ban on forced labour, which the EC is now also supporting. Note forced labour only has a partial overlap with child labour but child labour (not mentioned) covers many other instances of child labour that is not forced labour*)
- Reference to **agro-ecology**, the need for **agricultural exports** not to not destroy markets in partner countries, and avoiding distortion of the **food market through financial market speculation**. It also commits to making use of legal possibilities to ban the export outside of the EU of **pesticides that are not allowed for sale in the EU**.
- In relation to food, reference to an impact assessment on how *"direct payments can be adequately replaced by rewarding climate and environmental services by farmers"*

¹ page 135

- While reference to **climate** is made throughout all sections, it is recognised that *“farmers are to be supported on the path to climate neutrality as part of the restructuring of livestock farming.”*²
- Moreover, the new coalition will advocate effective carbon leakage protection, and thus fully support the **EU’s carbon border adjustment** measure. The new coalition government supports the full phase-out by 2030 of free industrial allowances under the EU Emissions Trading System.³

Other

- Announcement of a national plan to develop **social enterprises** and improve legal framework for public welfare-oriented businesses, such as cooperatives, social enterprises and integration enterprises.
- A dedicated section on the promotion of a **circular economy**, without an explicit reference, but implicitly including textiles and electronics and their supply chains
- Commitment to more **sustainable public procurement** through a quota system for products deemed not only climate-friendly but also *“socially”*.
- In relation to **raw materials**: *“We want to support our economy in securing a sustainable supply of raw materials, facilitate domestic raw materials extract and orient it ecologically. We want to modernise the federal mining law”*. There is also a commitment to **reduce the consumption of raw materials**, a demand by civil society, the first time such commitment is in such coalition agreement.
- Commitment to *“examine whether the **sale of food below production costs can be prevented**” (a signal that the transposition in Germany of the Unfair Trading Practices Directive may include such provision, like the Spanish transposition does)* [See FTAO briefing note here](#)).
- On **competition law**, there is commitment to evaluate and further develop it, with a reference to “sustainability” as one of the policy objectives that competition law should pursue. This evaluation and development could include a revision of the threshold for market dominance (the 40% threshold was introduced in 2013). There is a reference to *“an abuse-independent break-up option at the European level as a last resort in entrenched markets”*

Not mentioned:

- A reform of the coffee tax to favour sustainable coffee supply chains, an election campaign demand by German Fair Trade movement
- An ombudsman and price observatory to monitor actual sharing of value in food supply chains, as requested by civil society organisations

To read more, here is more information on the [elections campaign by the Fair Trade movement](#) and the [public reaction by Fairtrade Germany](#) to the coalition agreement.

Detailed text

² page 40

³ page 60

For those wishing more details, below are some selected sections, with references to relevant pages in the text

III Climate protection in a social-ecological market economy (page 22-61)

*We are setting the course for a social-ecological market economy and ushering in a decade of investment in the future. In doing so, we are laying the foundations for securing sustainable prosperity and creating space for innovation, competitiveness and greater efficiency, for good work, social advancement and new strength. We think economic development and ecological responsibility together. We must preserve what sustains us and protect our resources. The protection of the environment and nature is therefore an essential part of our political actions, and the 17 United Nations Sustainable Development Goals (SDGs) guide our policies. In particular, the fight against species extinction requires a high level of attention and political action. **Our goal is sustainable, future-proof agriculture in which farmers can operate in an economically viable manner and which does justice to the environment, animals and the climate.***

Economy

*“(...) the public sector must provide impetus and **create fair framework conditions** both nationally and in the European single market. Our goal is a social-ecological market economy.”*

Fair competition

*We are improving the framework conditions for fair competition. These must also take account of the needs of small and medium-sized enterprises and integrate the aspects of innovation, **sustainability**, consumer protection and social justice.⁴*

Public procurement law

*The Federal Government will align public procurement and awarding **economically, socially, ecologically** and innovatively and strengthen bindingness without jeopardising the legal certainty of award decisions or raising access barriers for small and medium-sized enterprises. We will specify the existing requirements in accordance with European public procurement law in national public procurement law. The public sector should participate in the development of a system for calculating climate and environmental costs.⁵*

Raw materials, supply chains and free trade⁶

We want to support our economy in securing a sustainable supply of raw materials, facilitate domestic raw material extraction and orient it ecologically. We want to modernize federal mining law.

We want to make full use of the economic and ecological potential of recycling, reduce resource consumption and thus create jobs (product design, recycle, recycle). We will speed up the approval processes for untied financial loans without lowering sustainability standards.

We support an effective EU supply chain law based on the UN Guiding Principles on Business and Human Rights that does not overburden small and medium-sized enterprises. The law on corporate due diligence in supply chains will be implemented unchanged and improved where

⁴ Page 29

⁵ Page 31

⁶ Page 31-33

necessary. We support the EU Commission's proposal on the Deforestation-Free Supply Chains Act. We support the EU's proposed ban on imports of products from forced labour.

We want to strengthen rules-based free trade on the basis of fair social, ecological and human rights standards and advocate a German and European trade policy against protectionism and unfair trade practices. In this way we guarantee prosperity and sustainable economic growth. We support the strengthening of multilateralism and the further development of the World Trade Organization (WTO), including the renewal of the rules on market-distorting subsidies, the lifting of the blockade of the Dispute Settlement Mechanism and an alignment with the Paris Climate Agreement and the UN Global Sustainability Goals. We support the reorientation of the EU trade strategy and want to equip future EU trade agreements (with Chile, New Zealand, Australia, ASEAN, India, among others) with effective sustainability standards using a dispute settlement mechanism. We advocate at European level that the decision-making powers of the EU Parliament be strengthened in the further development of treaties through regulatory cooperation.

We use European **competition law** and the strength of the European internal market precisely with a view to unfair competition practices of authoritarian regimes. We support the creation and further development of autonomous trade policy instruments against unfair trade practices at European level.

We support credit guarantees for exports in the form of Hermes guarantees, especially for small-ticket SMEs. At the same time, they should not conflict with climate policy objectives.

Europe should seize the opportunity to enter into an intensive exchange with the new US administration to **promote trade and investment with high environmental and social standards**, in order to be able to set global standards with the transatlantic economic area. Together with the US, we want to advance **multilateral trade, WTO reform, the establishment of environmental and social standards, prosperity and the dynamics of sustainable world trade.**

(...) We will make the decision on the ratification of the Comprehensive Economic and Trade Agreement (CETA) after the Federal Constitutional Court has completed its review. We will only support the ratification of the **Mercosur Agreement if the partner countries have previously entered into legally binding commitments on environmental, social and human rights protection that can be implemented and verified, and if practically enforceable supplementary agreements on the protection and conservation of existing forest areas** have been concluded.

Ratification of the EU-China Investment Agreement in the EU Council cannot take place at present for various reasons. We will work for reciprocity. We are committed to investment agreements that focus investment protection for companies abroad on direct expropriation and discrimination and want to prevent the misuse of the instrument – including in the agreements that are still outstanding.

Environmental protection and nature conservation

Circular economy

We promote the circular economy as an effective climate and resource protection, opportunity for sustainable economic development and jobs. We aim to reduce the primary consumption of raw materials and close material cycles. To this end, we are adapting the existing legal framework, defining clear targets and reviewing waste legislation. We are bundling existing raw materials policy strategies in a "National Recycling Management Strategy". On this basis, we advocate uniform standards in the EU. Requirements for products must be defined ambitiously and uniformly throughout Europe in dialogue with manufacturers. Products must be durable, reusable, recyclable and, if possible, repairable. We are strengthening extended producer responsibility at European level. We are introducing digital product passports, supporting companies in their implementation and upholding the principle of data economy. We strengthen waste avoidance

through legal targets and ecologically beneficial reusable, return and deposit systems as well as industry agreements. We support innovative, sustainable ideas such as shared use. We are establishing an incentive system to dispose of certain electrical appliances and hazardous lithium-ion batteries in an environmentally friendly manner and to feed them into the circular economy. We will reduce the destruction of returned goods. We will reward resource-conserving and recycling-friendly packaging design and the use of recycled materials with a fund model anchored in law. We will introduce a recycling label. By accelerating the development of quality standards for recyclates, we are creating new high-quality material cycles. Quality-assured waste products are to be released from waste legislation and gain product status. We are stipulating higher recycling quotas and a product-specific minimum quota for the use of recyclate and secondary raw materials at European level. We include chemical recycling as a recycling option in the Packaging Act. We advocate a Europe-wide end to the landfilling of municipal waste. Together with the federal states, we are taking decisive action against illegal waste exports. Under European law, waste can only be exported to certified recycling plants. We want a level playing field for plastic recyclates.⁷

Agriculture and food⁸

European agricultural policy

We will immediately ensure that the accompanying regulations to the national strategic plan of the Common Agricultural Policy (CAP) are adapted with **the aim of environmental and climate protection as well as income security**. The current architecture will be reviewed by the middle of the legislative period at the latest and adjusted to achieve the objectives. For reliable further development from 2027 onwards, the German government is presenting a concept with this evaluation on how direct payments can be adequately replaced by **rewarding climate and environmental services**. This also serves the purpose of income effectiveness.⁹

Food market

We support fair competition with fair prices in the food market. We will strengthen antitrust abuse supervision and merger control at the Federal Cartel Office. **We will take action against unfair trading practices and examine whether the sale of food below production costs can be prevented**. We will continue to monitor the milk market and evaluate the balance of supply relationships.¹⁰

VII Germany's Responsibility for Europe and the World (page 123-148)

We are aware of the global responsibility that Germany, as the world's fourth-largest economy, bears in this regard. We accept this responsibility and will deepen and establish new partnerships in our foreign, security and development policy and defend our values of freedom, democracy and **human rights**.

⁷ Page 39/40

⁸ Page 40-44

⁹ Page 41/42

¹⁰ Page 44

Foreign affairs, security, defence, development, human rights

Our foreign, security and development policy will be value-based and more European. German foreign policy should act as a unified whole and develop joint strategies across all ministries in order to increase the coherence of our international action. Together with our partners, including those from civil society, we will work to preserve our liberal way of life in Europe and to protect peace and human rights worldwide. In doing so, we will be guided by our values and interests.

We want to increase Europe's strategic sovereignty. The goal is multilateral cooperation in the world, especially in close connection with those states that share our democratic values. This also involves system competition with authoritarian states and strategic solidarity with our democratic partners.

Human rights, as the most important shield of individual dignity, are our compass. The transatlantic alliance is a central pillar and NATO an indispensable part of our security. Our soldiers make an indispensable contribution to the protection of our country, to peace and international security.

We advocate a revival of international disarmament and arms control. Our security and the protection of our livelihoods require global cooperation, a strengthening of the United Nations and a rules-based international order. In particular, we advocate a common, **consistent foreign climate policy and climate justice in the spirit of the European Green Deal, the 2030 Agenda and the Paris Climate Agreement.**

For us, commitment to peace, freedom, human rights, democracy, the rule of law and **sustainability** is an indispensable part of a successful and credible foreign policy for Germany and Europe.

Human Rights

Human rights policy encompasses all aspects of state action at both international and domestic level.

(...) Based on the UN Guiding Principles on Business and Human Rights, we are committed to a European Business and Human Rights Action Plan. We will revise the national Business and Human Rights Action Plan in line with the Supply Chain Act.¹¹

Development cooperation

We align our actions with the UN's 2030 Agenda with its Sustainable Development Goals (SDGs) and a value-based development policy. We are committed worldwide to sustainable development, the fight against hunger and poverty, **climate justice**, biodiversity and a **socio-ecological transformation**. We are significantly strengthening our multilateral engagement.

We promote food security and access to clean drinking water through sustainable **agro-ecological** approaches and knowledge and technology transfer, **especially in the field of smallholder agriculture**. German and European **agricultural exports** should not destroy markets in partner countries, and we want to actively counter wanton **distortion of the food market through financial market speculation**.

We promote food security and access to clean drinking water through **sustainable agro-ecological approaches and knowledge and technology transfer, especially in the field of smallholder agriculture**. German and European **agricultural exports** should not destroy markets in partner countries, and we want to actively counter wanton distortion of the **food market through financial market speculation**.

¹¹ Page 137

We will make use of the legal possibilities to prohibit the export of certain pesticides that are not permitted in the EU for reasons of human health protection.

Together with trade unions, companies and civil society, we work for fair and formal working conditions and living wages worldwide.

We strengthen the rights, representation and resources of women, girls and marginalised groups such as LGBTI. Equal political, economic and social participation, the strengthening of sexual and reproductive health and rights of women and girls, and full access to equal education and health care are central to us. We will develop a comprehensive gender action plan with the participation of civil society and back it financially.

We are strengthening our promotion of civil society and the important role of trade unions, political and private foundations and churches, especially in fragile contexts. The important work of political foundations with BMZ funding is to be secured and strengthened in the future, especially in the existing project countries. We orient financial support for pro-government actors towards democracy, the rule of law, human rights, the expansion of space for civil society actors and the press, and the fight against corruption. We will increase our support for the European Democracy Fund.¹²

¹² Page 141-143