

FLEISHMANHILLARD POLICY BRIEF GERMANY

FOCUS: FEDERAL GOVERNMENT

It's going to be an exciting summer

The beginning of the parliamentary summer recess usually marks the start of a rather quiet period in the public affairs business. Members of Parliament spend the coming weeks in their constituencies and use the time without parliamentary sessions for meetings with their constituents and preparations for the second half of the year. Which also gives us the opportunity to take a deep breath and address projects which have not received proper attention in hectic everyday life. However, this year everything will be different. The reasons can be found in this issue of the Policy Brief, with which we will once again regularly inform you about current political developments. In this first issue with the new design, we take a look at the past and the future, with examples from selected policy areas. Additional topics will be discussed in the upcoming issues. Because one thing is certain: It's going to be an exciting summer!

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An initial assessment

Due to the long period of government formation and the resulting backlog, the Federal Government has been primarily occupied with working on problems inherited from the previous administration for the past couple of months. Aside from taking a few initial steps and discussing fundamentals, there was no time yet for most of the initiatives agreed upon in the coalition agreement.

So while Members of Parliament spend the summer on the road in their constituencies, the foundation for the coming months will be laid in Berlin. Ministries and authorities must prepare the implementation of the announced measures and arrange everything for September, when the MPs return to the capital and legislative work resumes.

Despite stable majorities in parliament and ample government experience, the results of the current administration at this point are anything but convincing. Processes take a long time, many projects have been in the preparatory stage for months. Other projects have been realized extremely quickly, for instance the introduction of class action lawsuits. In addition, factional and coalition-internal disputes, such as the clash over the future direction in asylum and migration issues over the past few weeks, have distracted from legislative goals and procedures.



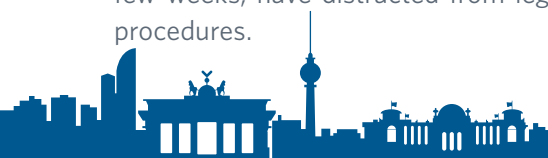
"For 100 days now, the SPD has been implementing the coalition agreement step by step. For us, the agreement is our mission and our guiding principle."

Andrea Nahles
SPD party leader

Picture: Susie Knoll

So far, the SPD has been rather successful, with the introduction of class action lawsuits and the right to transitional part time work, the loosening of the ban on cooperation in education, the increase of child benefits and the establishment of the pension commission. In addition, the party introduced draft bills for "good daycares", a social labor market for the long-term unemployed and a tightening of the price brake on rental fees. The CDU/CSU on the other hand has not really scored yet, apart from introducing child benefits for home-builders, an emergency program for the nursing sector and the return to equal funding of health insurance.

In the second half of the year, several major projects are on the political agenda, ranging from broadband internet expansion to the establishment of a National Education Council, the digitalisation of schools, EU reforms and the Building Energy Act. A lot is planned and will continue to take form during the upcoming weeks.



Digital Policy: Where are we heading?

As of today, the Federal Government has distinguished itself mostly through the reorganization of competencies and the announcement of planned actions. Little has actually happened so far. However, starting the second half of the year, this will change.

Since the implementation of the General Data Protection Regulation, whose rather bumpy launch gave rise to significant legal uncertainties for many companies at first, the overall direction in digital policy has become clearer. Not only was an implementation strategy for digitalisation announced for the 4th quarter during the first session of the Digital Cabinet at the end of June, a Digital Council will be established to advise the Federal Chancellor and a comprehensive blockchain strategy will be developed.

"I don't want to hear anyone saying, that this won't work."

Dorothee Bär
State Minister for Digitalisation



Picture: Tobias Koch

At the same time, the Federal Ministry of Education and Research, with its Master Plan on Artificial Intelligence, and the Bundestag, with the Enquete-Commission for AI, are reorganizing the foundation of AI funding in Germany. In August, the Data Ethics Commission announced in the coalition agreement will assume its work. In addition, the revised funding guidelines for broadband expansion come into force. And with the end of the consultation process, a decision for the allocation of 5G frequencies has been made. Altogether, there are many things new and pivotal, which require attention going forward.

Energy Policy: Where are we heading?

As far as energy policy is concerned, the Federal Government is still lagging far behind after its "100-Day-Law" has stranded. Following the admission that the national climate target of 2020 can no longer be achieved, there has been no apparent political reaction yet.

Remarkably, this is the case even though the coalition agreement includes a myriad of measures for achieving the turnaround in energy policy. The draft bill for the "100-Day-Law" for example included corrections to the Renewable Energy Sources Act, regulations for the domestic electricity problem for more recent CHP plants, network access modalities to the low calorific gas network and special biddings for onshore and photovoltaics.



"Naturally, there will still be brown and black coal afterwards, and for many years ahead."

Peter Altmaier
Federal Minister for Economic Affairs and Energy

Picture: Bundesregierung/Kugler

The law now has been postponed until after summer recess, as has the amendment to the Grid Expansion Acceleration Act. The Coal Commission will commence its actual activity only in the beginning of this fall as well. Moreover, the Federal Government would like to tackle the amendment of the Atomic Energy Act, the Building Energy Act and the National Climate Protection Act, which has been announced for 2019. Even the tax incentives for energy-efficient building restoration are not off the table yet, though they do not appear in the current budget. The prospects for the upcoming months are exciting, as they will reveal, which direction the Federal Government is heading at last.

**Any questions on these or other topics?
Don't hesitate to contact us!**

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