

Press release

## Expert Council: Progress on climate action not sufficient - Climate policy needs broader approach

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**Berlin, February 5<sup>th</sup> 2025** – The Council of Experts on Climate Change has published its biennial expertise today. In accordance with its legal mandate, the independent panel examined previous developments and trends in greenhouse gas emissions. It also evaluates climate action measures regarding their effectiveness, economic viability and social distributive effects. In addition, the Expert Council offers a position on the direction of Germany's future climate policy and formulates requirements for the climate action program that a new government must present within its first year of the legislature.

### **Progress on emissions reduction – Achieving the 2030 goal still at risk**

The trend of reducing greenhouse gas emissions has accelerated in the period from 2014 to 2023 compared to 2010 to 2019. The Expert Council sees progress in building a new, non-fossil capital stock, particularly in the energy sector. In the industrial sector, higher energy prices and economic and structural declines in demand were primarily responsible for emissions reduction. In both the buildings and transport sectors, the reduction of emissions is insufficient, which is primarily due to the slow transition to a non-fossil capital stock. In this regard, the future EU emissions trading system EU ETS 2 alone will not be able to ensure that targets are met; additional measures are likely to be required. Equally troublesome is the development in the land use and forestry sector, which, contrary to plans, now acts as a net greenhouse gas source instead of a sink. New data show that emissions have been many times higher in recent years than previously assumed.

Overall, climate policy efforts have increased noticeably. In the past two years, a number of climate protection measures have been substantially amended or newly implemented. However, the mix of instruments has only changed marginally. The focus has been on amending or implementing fiscal and regulatory instruments while preserving existing industrial structures. Behavior-based mitigation potentials, i.e. a targeted reduction and change in activities especially in the demand sectors buildings and transport, are still not being addressed enough.

### **A broader approach to climate policy – Identifying conflicting objectives, leveraging synergies, prioritizing investments**

In light of the new geopolitical situation and the cyclical and structural weakness of the German economy, the conflicting objectives of climate protection policy with other policy areas are becoming increasingly apparent. At the same time, the consequences of climate change are being felt ever more clearly. "Considering the significantly changed conditions and the strong interplay with other policy areas, climate policy must be considered more broadly. The comprehensive embedding of climate policy measures into an overall political strategy is now more important than ever," emphasizes Chairman Hans-Martin Henning. The Expert Council recommends a central coordination mechanism, for example by reintroducing the Climate Cabinet, to improve the integration of different policy areas. It also suggests the introduction of a systematic monitoring and evaluation system that analyzes the interplay with other policy areas and transparently sets out conflicting objectives. "For the future design of climate action programs, possible conflicts of objectives, but also synergies and co-benefits with economic, financial and social policy must be taken into account and brought into the socio-political discourse," explains Henning.

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The Expert Council believes that the question of affordability must play a central role in the planning and prioritization of climate protection measures. On the basis of several studies, the Expert Council has assessed the investment volumes overall and for the public sector in particular. It emphasizes the high investment sums for the transformation towards greenhouse gas neutrality. "The analysis of the studies we examined shows that the projected investments would account for a relevant share of Germany's expected economic output. In order to determine to what scope and how transformation investments can be realized, the German government should explicitly take them into account in its long-term financial and economic planning," says Council member Thomas Heimer. He also points out the importance of innovation.

### **Keeping social and economic distributive effects in focus**

The Expert Council has taken a closer look at the social and economic distributive effects. On the one hand, these relate to international competitiveness, particularly in energy-intensive sectors. In this context, the Expert Council emphasizes the need to align climate protection policy with the design of structural change. On the other hand, the focus is on the impact on private households, particularly vulnerable groups within society. "Private households are particularly affected by the financial impact of various measures in the demand sectors of buildings and transport. In addition, some measures have a social imbalance, as until now, primarily high-income households have received benefits," notes Deputy Chair Brigitte Knopf. "These negative distributive effects could be amplified by rising CO<sub>2</sub> prices. Additional support and compensatory measures are therefore required." The Expert Council recommends that the social impact should be taken into account to a greater extent in the design of future climate policy measures and lists some examples of measures to address them.

The **Council of Experts on Climate Change** (ERK) is an independent panel of five experts from different disciplines. It was appointed in September 2020 and is mandated by Sections 11 and 12 of the Federal Climate Action Act (KSG). The panel consists of the five members Prof. Dr. Hans-Martin Henning (Chairman), Dr. Brigitte Knopf (Deputy Chair), Prof. Dr. Marc Oliver Bettzüge, Prof. Dr. Thomas Heimer, and Dr. Barbara Schломann. Among other legally defined tasks, the Expert Council presents the biennial expertise to the German Bundestag and the Federal Government every two years in accordance with Section 12 (4) KSG. The first biennial expertise was published in 2022, covering developments from 2000 to 2021.

For more information about the Council of Experts on Climate Change and their publications, please visit <https://www.expertenrat-klima.de/en/>.

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