

Foreign Policy and the Next German Government

Strengths, Weaknesses, Opportunities, and Threats

Edited by Christian Mölling and Daniela Schwarzer

After elections on September 24, 2017 bring a new German government to office, foreign relations, security, and defense will continue to be central policy concerns both nationally and within the European context. In this collection, experts from the German Council on Foreign Relations survey where Germany currently stands, outlining in twelve separate areas the foreign policy goals it should pursue (and with which partners) and identifying potential points of friction.

Contents

Foreign Policy and the Next German Government Strengths, Weaknesses, Opportunities, and Threats

Edited by Christian Mölling and Daniela Schwarzer

3 Introduction

Christian Mölling and Daniela Schwarzer

7 Stagnant Global Trade, Rising Protectionism, and Anti-Globalization Are Threatening Germany's Stance as an Economic Power

Claudia Schmucker

10 Germany's Leadership Tasks in Europe

Claire Demesmay and Jana Puglierin

13 Germany Has Just Enough Room to Maneuver in the Western Balkans — It Should Use it Now

Sarah Wohlfeld

16 A Transitional Phase for German and European Policy toward Russia and Eastern Europe

Stefan Meister

19 Ukraine: A Long-Term Responsibility

Wilfried Jilge

22 Burden Sharing in NATO: The Continued Need for German Leadership

Svenja Sinjen

25 German Security and Defense Policy: A Comprehensive Security Policy to Preserve the European Order

Christian Mölling

28 Not Quiet on the Eastern Front: The EU Could Help Defuse Escalation between the US and China

Josef Braml and Henning Riecke

31 Pseudo Stability in the Middle East and North Africa: Few Options for Germany

Dina Fakoussa

34 German and European Policy toward Turkey

Laura Lale Kabis-Kechrid

37 Germany's Relations with Iran beyond the Nuclear Deal: Readjusting Foreign and Development Policy

Ali Fathollah-Nejad

40 A German Strategy toward Saudi Arabia Should Rest on Joint Pillars: Promoting Regional Stability and Fighting Terrorism

Sebastian Sons

Introduction

Christian Mölling and Daniela Schwarzer

Germany's role within Europe as well as internationally has become considerably more important in recent years. Concrete examples of Germany's willingness to take on more responsibility for global stability and security include its multifaceted engagement within the European Union, its leadership in managing the West's relations with Russia, the deployment of its armed forces in the Middle East and within UN missions in Africa, and the stationing of German troops on the territories of NATO allies – to name just a few.

This new role has been debated intensely both inside and outside Germany. The foreign ministry's rigorous foreign policy review of 2014, and the white paper on international security published the same year contributed substantially to clarifying German foreign and security policy interests and outlining imperatives and strategies.

Internationally, too, Germany has influenced the development of strategy considerably, for example at the 2014 NATO summit in Wales, which brought about the most comprehensive NATO reform to date. For the United Nations, it helped outline the 2030 Agenda for Sustainable Development, issued in 2015, and was instrumental in the formulation of the EU's Global Strategy for the European Union's Foreign and Security Policy, issued in 2016. As a result of this involvement, Germany naturally now shares responsibility for implementing this strategy.

After the elections on September 24, 2017, a new German government will take office. Foreign relations, security, and defense, will continue to be central policy concerns both nationally and within the European context. In this collection, DGAP experts survey where Germany stands within its foreign policy, outlining in twelve separate areas the goals it should pursue (and with which partners) and identifying potential points of friction. Seven overarching developments come to the fore when reviewing these case studies, and from them a number of general policy recommendations can be derived.

The Context Remains Unstable and Prone to Crisis

While crisis and conflict, not least in the EU's immediate neighborhood, are part and parcel of German and European foreign policy, the next German government will confront a particularly complex constellation of challenges. In a rapidly changing international context, it will

have to prepare pragmatic courses of action and muster the necessary resources to implement them efficaciously.

New security risks not only blur the lines between internal and external policies. They also raise questions about the ability of governments in general to provide their populations with security. The aim of domestic and foreign policies relates to the idea of resilience: to strengthen social, technical, and political infrastructure in such a way that it can recover from any potential attacks. Since this infrastructure is not confined by national borders, its protection has an immediate foreign policy dimension.

Upheavals in the World Order: Much More than a Theoretical Problem For Germany

Three pillars have traditionally supported German foreign policy: 1) integration into rules-based global institutional structures informed by Western thought, the strengthening of which is in the enlightened interest of German policy; 2) European integration in the form of the EU, which protects German interests and which first made it possible for Germany to gain strength in economic and political terms, as well as in terms of its security; 3) and close cooperation with the United States, which traditionally served as guarantor of security and, out of its own interests, collaborated in significantly shaping and supporting global and European regulatory structures.

Germany seeks to produce security through institutionalization in Europe via the EU, NATO, and the OSCE but also by means of the United Nations as a motor of global norm setting. In addition to its foreign policy, the German economic model, too, has for decades been geared toward a rules-based system. The degree to which Germany as a nation both benefits from and depends upon a functioning, multilateral trade system – and particularly the European single market – is particularly high.

This order is currently under tremendous pressure, however. Not only because rising powers are calling Western ideas of governance into question and not only because international norms for the rule of law have less of a foothold in regions such as the Middle East. In Europe, too, more and more countries are behaving like spoilers and free-riders. An ad-hoc system seems to be sprouting up alongside the rules-based, multilateral system.

When the pursuit of transactional relationships and short-term interests gains the upper hand, it spells a volatile environment, with even more unpredictability for politics and business. The likelihood of oscillating between extremes has become greater. Moreover, classic categories of power – both military and economic – are once again becoming key to how nations assert themselves. For Europeans, soft power will no longer suffice.

The United States under President Trump: A Political and Economic Risk Factor

Probably the biggest change in Germany's overall strategic position in 2017 relates to US policy under its new president, Donald Trump. Already during his election campaign, Trump questioned existing regulatory structures, the founding political principles of Western thought, and the US's relations with its most important allies. Since taking office, Trump has turned the US into a major factor of instability – even though he has not put all of his incendiary campaign pronouncements into practice. The American president is, however, visibly undermining Western consensus on fundamental values. Within the US, we see this process unfold in his treatment of and unacceptable remarks about the press, the judiciary, the intelligence community, as well as in Trump's tenuous relationship with Truth.

In foreign policy terms, the US under President Trump no longer stands for a nation willing to defend and further develop a world order based on democracy and rule of law, not even when it would be in its own interest to do so. Nonetheless, Europeans must not lose sight of the fact that Americans elect their president every four years.

The contributions in this volume also point to the threats posed by: 1) the trend toward protectionism and the destabilization of global trade; 2) the danger of escalation posed by increased competition between China and the US; and 3) the risk of a still further political and socio-economic destabilization in the Gulf region. A real threat to the EU's unity relates to President Trump's decision, against broad European consensus, to close ranks with EU member states like Poland and Hungary and the (soon-to-be ex-EU member) UK. There is a danger that the US, seeking its own short-term advantages, will withdraw from structures based on institutions and international law.

Russia and Asia: Further Sources of Instability and Potential Hazard

Substantial threats to stability in the EU's eastern neighborhood continue to come from Russia, particularly in

Ukraine. Russian attempts to influence Western democracies and its involvement in Syria, are also a source of considerable uncertainty. As Russia's leadership grows more authoritarian at home, Moscow may act more aggressively abroad. It remains an important task of German and European policy to keep Russia involved in institutionalized dialogue within such frameworks as those offered by the OSCE and NATO, while simultaneously keeping its ambitions toward power politics in check. The US under President Trump presents another substantial element of uncertainty in its shifting relations with Russia. Depending on how the relationship between Washington and Moscow develops, the framework and support for German and European positions toward Moscow will undoubtedly change. In addition to this, there is the risk of military accidents occurring on the border between Russia and NATO allies.

Similar types of threat emanate from Asia as the result of increased competition between the US and China. In addition to security risks, and particularly the threat posed by North Korea's rapidly increasing nuclear capacity, there are economic dimensions to the US-China rivalry, particularly in terms of trade and monetary policy. Because of Germany's interdependence with – and dependence on – both of these partners, it is very much in the country's interest to prevent a potential US-China conflict, which would require it to take sides.

Economic Giant, Political Dwarf

Governments in the Middle East and North Africa (MENA) regard the EU, and Germany within it, as an economic giant and a political dwarf at the same time. Germany has important security and economic interests in the region. And like the EU as a whole, Germany depends on the cooperation of MENA governments to successfully fight terrorism and reduce the flow of migrants and refugees toward Europe.

Germany, for its part – along with several other EU member states – is of high economic importance to the MENA region. Its leaders respect Germany in particular as a trustworthy partner, but the German government gains little political advantage from this fact. This is at least partially due to the fact that, although regional stakeholders like to cooperate with Germany in economic matters, they are largely resistant to political influence. For this reason, economic interests have thus far been privileged over normative and ethical pursuits. Moreover, Germany has little to offer these countries in terms of security policy compared to the far larger influences of the US and Russia. Berlin thus has almost no influence on

the ever-growing potential for conflict in the Middle East or the related security threats to Germany and Europe.

Europe: The Crucial Framework for Multilateral Action

It is not just the abundance of international challenges that makes the EU Berlin's most important framework for multilateral action. It is also the fact that Germany benefits enormously from the economic and political stability that European integration has guaranteed for decades. Indeed, it owes its continual growth in economic and political strength – fundamentally – to European integration.

This stability can no longer be taken as a given, however. It remains to be seen in the course of Germany's next four-year legislative period (2017–21), whether centrifugal forces gain the upper hand within the EU – or whether the EU, under German and French leadership can work together to at least partially deepen the union. The United Kingdom's impending exit from the EU, combined with the unpredictable (if not downright disruptive) actions of countries like Russia, China, North Korea, and the US, could also have a destabilizing effect on the EU internally. These shared threats provide incentive enough to bring at least some of the EU's member states closer together.

Above all it remains to be seen whether the governments – and citizens – of EU member states have the will to draw the necessary conclusions from a continual loss of ability to act as sovereign nations, be it in security matters or in dealing with the socioeconomic effects of globalization. If they relinquish individual sovereignty in a formal sense in order to win it back in the form of joint sovereignty on behalf of the EU itself, member states could perhaps push back against the spheres-of-influence style of political thinking that has also made inroads in the EU. This is the sole way for the EU to regain its formative power.

A Push for Foreign Policy and the International Order

German and European foreign policy will require more resources and personnel if the foreign policy environment shifts toward power politics and self-interest at the expense of multilateral, rules-based relationships. Strengthening capabilities for assessing situations and managing crises is crucial, particularly as international relations become more and more charged with unpredictability.

The authors in this collection call in various places for strengthening institutions – and in some cases, for rebuilding them completely – within the EU, for example, or in the Western Balkans, or in relations with Russia. This

corresponds well with the foreign policy pattern established by West Germany in the postwar period, a policy that yielded demonstrable success. Certainly it is the direction most compatible with the history of the Federal Republic of Germany. At the same time, a course of action must also be developed in the event that international and regional institutions and regulatory mechanisms fail and cannot quickly be set up anew, in new ways, or with new partners. To operate according to the principles of power politics would require an entirely different set of mental coordinates for Germany's foreign policy community, even if it is only entitled to draw on the option of national power as a last resort.

Policy Recommendations

Reviewing the many policy recommendations contained in these studies, a number of points come to the fore as priority themes and recommendations for the next German government's foreign policy.

- ***Cooperate closely with France on EU affairs and foreign policy***

Since the UK's decision to leave the EU last year, and particularly since Emmanuel Macron's election as president of France, it has become clear that a close partnership between Berlin and Paris is both a necessity and a major political opportunity to keep the EU together in the face of centrifugal forces. The German government should seize the next four years to deepen this cooperation as much as possible – within the context of the EU and on almost all issues addressed here. This includes deepening the euro area, strengthening European security and defense, forging coordinated policy in the MENA region, and staying the course on Ukraine and Russia, in particular on the implementation of the Minsk agreement.

- ***Implement a comprehensive approach to security and defense***

Over the past four years, the government reoriented both its security policy and its defense policy assuming its much-discussed "new responsibility." The first positive results are starting to show. But with uncertainty about the role of the EU and the arc of crises hemming Europe's neighborhood, threats continue to grow. This is why Germany's next government should stay on track with its predecessor's policies while at the same time creating the conditions for Germany to maintain a comprehensive approach to security policy. This should include the creation of a national security council as well as stronger cooperation within the EU, in particular in the fields of troops

and armaments, police, and intelligence. The increased military capabilities in Asia and the MENA region also call for arms control initiatives.

• **Build power and preserve order**

Germany is struggling to find the right response to a shifting European and global order. The pendulum threatens to swing back from the rule of law and multilateral regulatory institutions to a world dominated by power politics. Certainly any shift in this direction makes military and economic power more important. On the one hand, it is in Germany's interest to preserve the EU's unity, despite centrifugal tendencies from both outside and within. On the other, it needs to maintain its influence in regions and areas such as MENA where international institutions have less of a foothold – or none whatsoever. Germany needs to represent its own interests in such regions, including cultivating the potential for exchanging views. This is why German foreign policy should continue to be based on a triple approach:

- Strengthen the EU's capability as an actor by building and strengthening political unity.
- Strengthen institutionalization on the global level (trade) and on the regional level (security). In the field of security policy, the focus should be on the MENA region, Asia, and Russia. A regional organization for the MENA region modeled on the OSCE would help tie Iran and Saudi-Arabia into efforts for cooperation and conflict mediation.
- In regions that lack institutions that promote the rule of law, or where an institutional approach to conflict resolution seems unpromising, Germany needs to develop policy options that ensure impact and influence, for instance by forging new partnerships.

• **Pursue a values-based foreign policy**

The next German government should adopt clear positions both nationally and within the context of the EU to increase its chances of conducting a foreign policy based on values. As American advocacy of multilateral institutions and the rule of law starts to wane – at least under President Trump's leadership – Germany's and Europe's voices are becoming all the more important. To step up its own political impact, the next German government is perfectly legitimate in imposing political conditionality on its more intransigent "partners" in exchange for economic aid and cordiality in relations. Germany and the EU should also do what they can to decrease dependency on the MENA region, on Turkey, and on Russia.

• **Keep the United States as a partner**

Transatlantic initiatives should be designed so that the partnership can last. Indeed, they must be strengthened for the future, for the US is more than its current administration. Efforts are needed to convince Germany's crucial if unpredictable ally of the importance of maintaining the relationship. In the field of defense, more German expenditure will be necessary to maintain the irreplaceable transatlantic cooperation within the framework of NATO. At the same time, Germany should work hard to counter US protectionism. The same applies to US policy toward the MENA region, for the Trump administration's one-sided position stands in stark contrast to the concept of comprehensive responsibility in the Middle East. Germany may need to engage with other partners to develop an alternative approach to the region.

• **Secure the German public's backing for German foreign policy**

Foreign policy is domestic policy in two major respects. *First, foreign policy is home-made.* To date, Berlin has been too slow in detecting crises and reacting adequately. German foreign and security policy requires more resources, but – given the changing nature of the international environment – it also needs a better and more diversified apparatus for detecting points of conflict in world affairs. Such "early warning mechanisms" should be organized only partially by the government, which will help circumvent political and bureaucratic obstacles when they point toward unpleasant developments. Its goal should be a structured monitoring of challenges and opportunities, but also an assessment of the usefulness of current EU and national policies, drawing on a network of academics and other partners.

Second, foreign policy is made for Germany. The government needs to defend Germany's interests. And it needs, critically, to bring the public with it. Berlin should involve citizens and civil society much earlier in the foreign policy debate than is currently the case. The broader public needs to understand both the challenges Germany faces and the political choices that are being made.

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Stagnant Global Trade, Rising Protectionism, and Anti-Globalization Are Threatening Germany's Stance as an Economic Power

Claudia Schmucker

Economic Challenges and German Trade Interests

After decades of rising interdependence between states and national economies around the world, the advantages of globalization and free trade are now increasingly being called into question. Alongside these questions, the surge in nationalist and protectionist stances, the slowing of global growth, and the intensification of social inequality are all weakening the outlook for international trade.

Because Germany's economy is significantly intertwined with the global economy, it is particularly dependent on a rules-based, multilateral trading system and open markets. The introduction of trade barriers and the collapse of the liberal economic and trade order would therefore be especially dangerous for Germany.

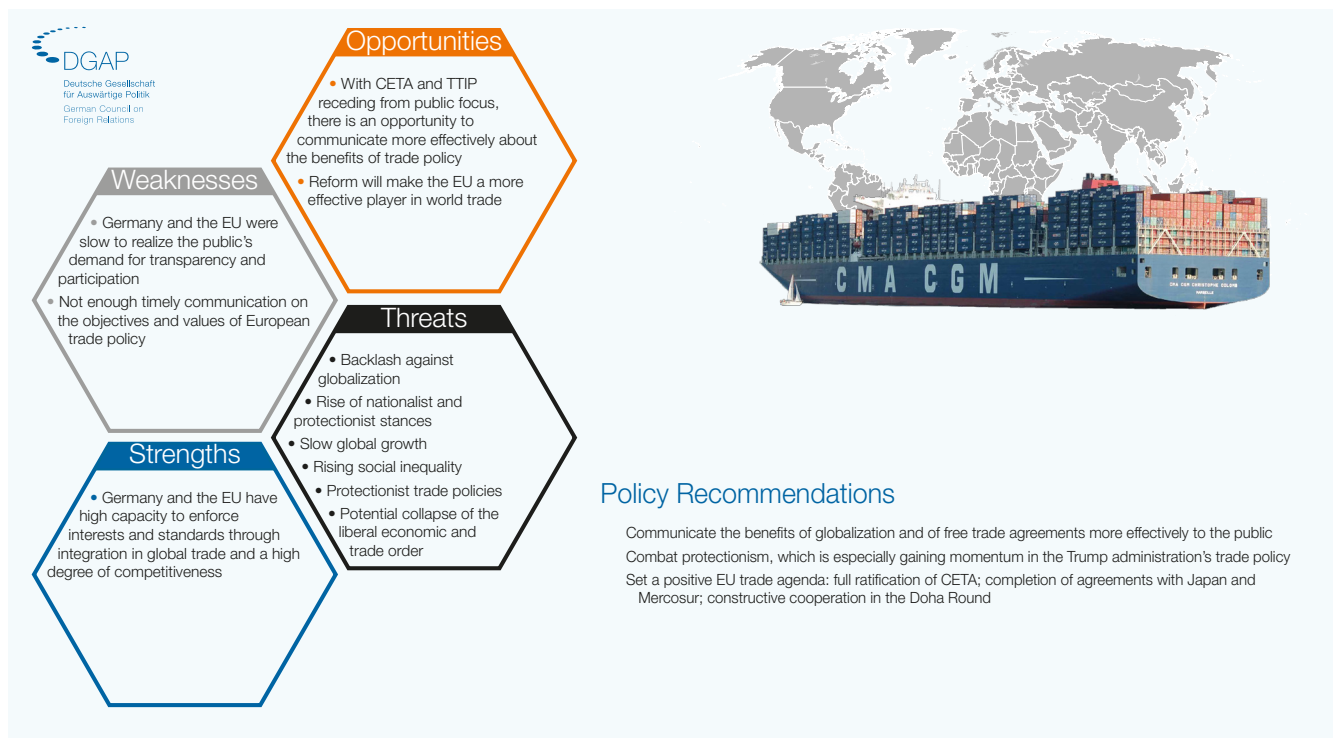
It is thus in Germany's interest to strengthen the World Trade Organization (WTO) in order to protect global trade. The WTO's work is based on three pillars: monitoring the trade policies of member states; settling disputes; and liberalizing trade, which currently takes place via the Doha Round.

While the WTO's first two tasks have functioned well to date, the stagnant Doha Round has been a significant

source of criticism for the organization. Aside from passing the Trade Facilitation Agreement, which entered into force in early 2017, multilateral rules have not been rewritten since 1995. For this reason, the WTO does not cover topics such as digital trade (e-commerce) or global value chains.

To make matters worse, US President Donald Trump could undermine the WTO's second pillar: dispute settlement. In his 2017 trade policy agenda, Trump emphasized that international arbitration rulings did not automatically lead to changes in US law or practice. If the WTO's largest member state no longer acknowledges its rulings, it may only be a matter of time before other countries follow suit. This puts the organization in danger. Because the WTO guarantees multilateral trade rules, Germany as a major trading nation seeks to strengthen and reform it.

Furthermore, Germany and the EU seek to open international markets for German and European products as well as to facilitate trade through shared standards. Because of the lack of progress in the Doha Round, the EU increasingly relies on bilateral and regional free trade agreements – most notably with emerging market



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economies in Asia and Latin America. This is currently the second-best option (after the WTO) for promoting trade liberalization. It is thus in Germany's (and the EU's) interest to ratify the EU-Canada Comprehensive Economic and Trade Agreement (CETA) as well as its agreement with Singapore, and to conclude negotiations as quickly as possible over agreements with Japan, Mexico, and the sub-regional South American bloc Mercosur. The "agreement in principle" which was reached with Japan in July 2017 is an important step forward in this direction.

Public Concerns Have Been Ignored for Far Too Long

The EU's Common Trade Policy has long been considered its most successful field of external policy. It was the first area that came within the competence of the European Community/ EU – allowing the EU to become a central player in global trade. Because of this record of success over the course of decades, and because trade policy had rarely been the subject of public debate so far, the interest of the public and its criticism of the agreements with Canada (CETA) and the US (TTIP) came as a surprise to the European Commission and to the German government.

Both realized too late that the demand for transparency, information, and participation on these issues had suddenly grown. Opponents of free trade exploited this communication gap to spread false information (for example, that TTIP would bring "chlorinated chicken" to European markets) and to incite fears that "secret" trade negotiations would inevitably lower standards.

Some of the criticism, however, was partially justified – for example, concerns about the structure of the investor-state-dispute settlement – and ultimately led to a modification of European trade policy, resulting in the new EU trade strategy: "Trade for All."

The European Commission and the German government need to repair these past communication deficiencies with the broader public. The two most controversial agreements, CETA and TTIP, have receded somewhat from public focus lately, granting the European Commission and Germany the opportunity to reposition themselves on European trade policy – and to work harder on communicating its benefits.

Policy Recommendations

• *Address the public's fears of globalization and find solutions*

Germany and the EU urgently need to address the present backlash against globalization and free trade – both among their own citizens and on a global level. They should start by promoting national initiatives like lifelong learning, improved social welfare systems, and labor-market initiatives.

Make the catchphrase "inclusive growth" come alive in the context of free trade: This means that social safeguards should accompany free trade agreements. The next German government could also promote the expansion of European Social Funds, for example, the European Globalization Adjustment Fund (EGF), and tie such funds closely to the agreements themselves.

Communicate the benefits of globalization and of free trade agreements more effectively to the public. In this regard, it is important to focus on the values and principles listed in the "Trade For All" trade strategy in order to quell fears that free trade agreements lead to lower living standards and quality of life. To do so, the European Commission needs to work more closely with the members of the European Parliament, who enjoy high legitimacy due to their direct elections.

Do more in Germany to advocate for the advantages of globalization and of European trade policy. The next German chancellor should deliver a keynote speech as soon as possible on the advantages of free trade and free trade agreements, possibly alongside French President Emmanuel Macron, who needs to address similar concerns in France. A major speech on this issue would carry political weight and make clear that European free trade agreements are first and foremost designed to shape the course of globalization – not to lower labor, social, environmental, and consumer standards.

• *Combat protectionism*

Germany needs to fight against rising global protectionism, which is gaining particular momentum in Trump's trade policy. The EU must play a decisive role in this struggle. As a central player in international trade, the EU must indicate that it will stand firm against protectionist measures taken against European countries or businesses.

Currently, Germany holds the G20 presidency and as such represents the central opponent to President Trump's mercantilist trade policy. Within the framework of the G20, Germany succeeded in finding a compromise in the final Hamburg communiqué in favor of open markets and the liberal trading system, including a clear commitment to opposing protectionist measures. This came at the cost of vague language referring to "unfair trade measures" and "legitimate trade defense instruments" to placate the US. The next German government must seek opportunities to follow up on this. In addition to having led the G20 summit in July, Germany will remain part of the group's management troika next year. *The next German government will thus continue to have strong influence on important G20 issues relating to trade – issues that the country needs to promote further.*

At the same time, on a global level, Germany needs to *advance the potential of the WTO to classify protectionist measures* and to analyze their negative influence on growth and jobs. Furthermore, the WTO's surveillance mechanisms need to be improved.

• *Establish external and internal trade agendas*

Germany must promote a positive trade agenda. This includes supporting an effective European trade policy (namely, the ratification of CETA, the completion of the free trade agreement with Japan) and constructive cooperation in the context of the Doha Round. Reviving liberal trade policy will help fight the rise of protectionism.

The next German government must at the same time promote a comprehensive Common European Market – implementing the four fundamental freedoms (free movement of goods, capital, services, and labor) – in order to utilize the positive aspects of free trade within Europe. This is most notably the case in the services sector. Great Britain has pursued this goal for some time, but failed, often due to opposition from Germany. It is time for Germany to encourage reforms in this area as well.

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Germany's Leadership Tasks in Europe

Claire Demesmay and Jana Puglierin

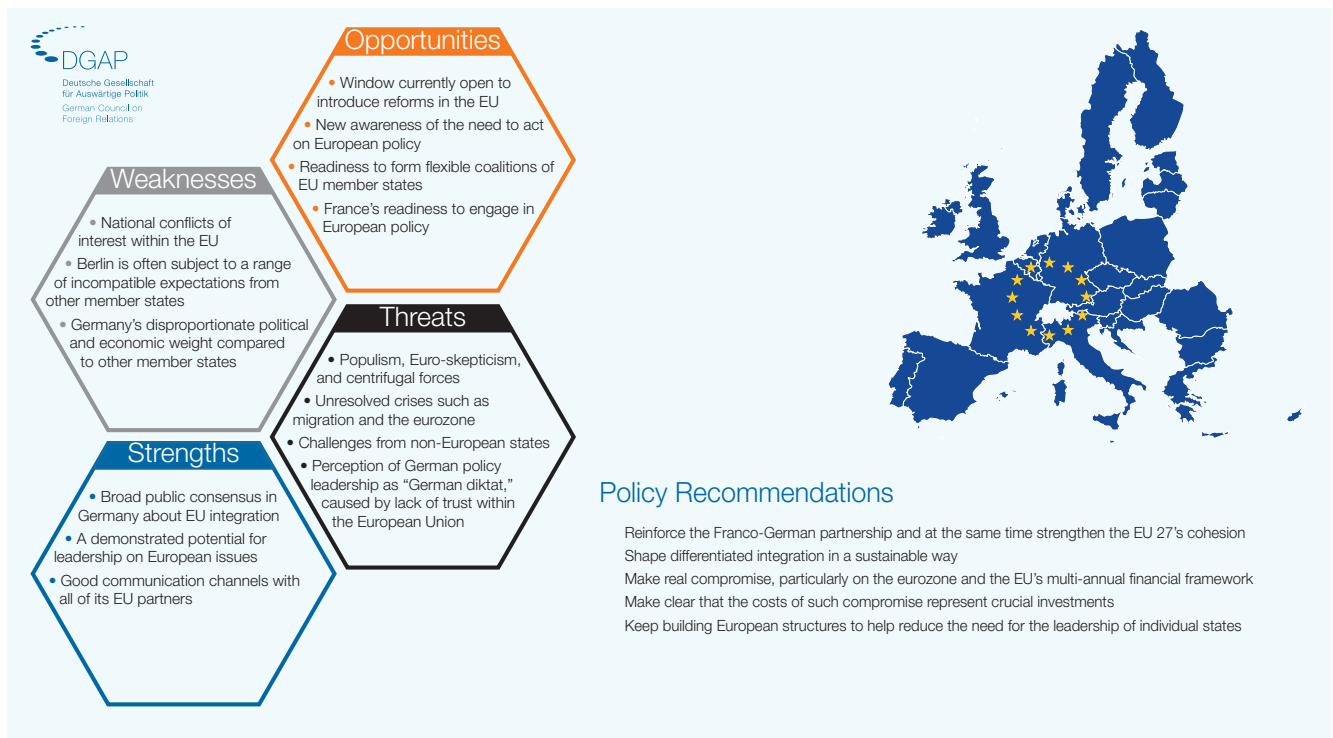
With Mark Rutte's election victory in the Netherlands and Emmanuel Macron's in France, the European Union is in a better position than many dared to hope back in 2016. However, the EU has merely been granted a moment to catch its breath. Brexit, the threat of terrorist attacks, the rise of populists and nationalists in some member states, the stream of refugees seeking entry into Europe, and the drifting apart of states in the eurozone mean that it is still all too possible to picture an unraveling of the European project. On top of this, non-European states are challenging the EU in unprecedented ways. In Donald Trump, we see an American leader who is at best indifferent to its success. For their part, President Vladimir Putin of Russia and Turkey's Recep Tayyip Erdogan have turned away from Europe, and the former seeks actively to divide the EU's member states.

Berlin's Core Task: Ensure EU Cohesion

In the face of these challenges, the German government has identified its top priority: to maintain the coherence of the EU's 27 member states. Europe's regulatory

framework is of paramount interest to Germany. It was above all the European integration process that peacefully solved the "German question," making it possible for a reunified Germany to regain its place among Europe's democracies. It is the EU that makes it possible for the government in Berlin to assume leadership both within Europe and internationally. Germany's economic model and competitiveness depend demonstrably on the single currency and the common market. Striving for a united Europe is anchored in its constitution as a national objective. And Germany sees the EU not only as a vehicle of its own national interests but also, increasingly, as a bulwark against external threats.

The period following this September's national elections, which will likely bring a pro-European leader to the chancellery, will offer the last opportunity to stabilize and improve the situation in the EU. The EU's legitimacy could be much improved if progress is made in consolidating the eurozone, in further developing European foreign policy and common defense and security policy, and in safeguarding the Schengen area. And, importantly, it would help citizens see better results.



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Germany's Leadership is Part of the Solution

There are three reasons why Germany should be a major force in consolidating and developing the EU. First, it has – since its inception – made a foreign policy leitmotif of promoting European integration over its own national sovereignty. The German public widely believes Germany has a foreign policy responsibility to advocate for the EU. While Germany also has its Euro-skeptic discourse – as shown by the rise of the right-wing populist party Alternative for Germany (AfD), which may well soon have a voice in Germany's parliament – an outright anti-EU attitude has yet to reach the political mainstream in Germany, unlike in many other member states. This allows the German government fairly broad scope to maneuver on matters of European policy.

Second, the German government has repeatedly proven its leadership in recent years, for example engaging to resolve the economic crisis in the eurozone and working as part of the Normandy negotiating format (of France, Germany, Ukraine, and Russia) to resolve the conflict with Russia over Ukraine. It can draw on its experience as a compromise builder and help bring other parties on board.

Third, Germany enjoys solid communication channels to all of its EU partners. Despite criticism of its leadership position, the German government has become an indispensable actor since the outbreak of the financial crisis, and it has correspondingly solid networks at all levels of the decision-making process.

Germany's Dominance is Part of the Problem

In spite of this position of strength, Germany faces two significant difficulties within Europe. For one thing, divergent economic and foreign policy cultures, combined with material conflicts of interest and different ideas about the desired degree of EU integration, make it difficult for the German government to convince fellow member states of the viability of its proposed solutions. Moreover, such conflicts of interest mean that Berlin is often subject to incompatible expectations. For example, while Greece and Italy welcomed Germany's involvement in the refugee crisis, countries in Central and Eastern Europe responded with vehement rejection.

For another thing, Germany's claim to foreign policy leadership is likely to meet resistance particularly in places that view it as "German diktat." This is exacerbated by the fact that Germany's political and economic weight has lately been unmatched within the Union;

the other EU states are indeed comparatively weak. The looming prospect of Brexit only strengthens this tendency. Even with a pro-European as France's new president, many of the country's economic, social, and political problems remain unsolved. The flip side of Berlin's new indispensability is that member states like Greece and Poland react with frustration, rejection, and occasionally even with slogans that express hostility to Germany.

Policy Recommendations

• *Organize flexible constellations around Franco-German cooperation*

The German government must make real compromises, particularly with regard to the eurozone and the EU's multi-annual financial framework. It should make clear in public dialogue that *the costs resulting from this are crucial investments in Germany's prosperity*, which is itself inseparable from Europe's stability.

Germany must use the window offered by the next four years to strengthen Franco-German cooperation. It will not stay open forever. *Working together with a confident, pro-European French government will make it possible to share the leadership role*. Through this, the German government will not only look less domineering. Making compromises that consider differences of opinion within the EU will increase acceptance for the solutions proposed by Berlin.

Even though France and Germany coordinate their work well, bilateral relations between them have in recent years suffered from growing asymmetry and a lack of mutual trust. Moreover, as in the past, both countries continue pursuing different interests, for example with different ideas about how to shape the eurozone and regarding the viability of the redistribution mechanisms. For this reason the new German government should *quickly engage in a fundamental discussion about its cooperation with the government in Paris*.

Strengthening the Franco-German tandem will not solve all problems. Deepening the eurozone brings with it the danger of increasing the gap between the member states who use the common currency and those who do not. In addition to seeking bilateral cooperation with France, *Germany must therefore also strengthen cohesion among all of the EU's (soon to be) 27 members*. To do this it must make an effort alongside France to draw other member states into flexible constellations.

• *Shape differentiated integration*

For some time, the German government has been weighing the elaboration of flexible constellations as an alternative to the Maastricht treaty's aim of "an ever closer Union." Deepening the eurozone accommodates this strategy insofar as it only effects a portion of EU member states. In doing so, however, the EU 27 should not lose their common denominator: *projects in which all member states participate*. In addition to shaping the common market and enhancing EU border security, these could include improving common European foreign and security policy, particularly important as threats increase to the security environment in Europe's immediate neighborhood.

In order to prevent Germany from landing in the role of hegemon, which would exceed its capacities, its next government should *contribute to the creation of European structures, which would ultimately make the leadership of individual states less essential*. In addition to this, member states must be discouraged from misinterpreting "differentiated integration" as "cherry picking" and encouraged to make compromises as part of package solutions.

Increased differentiation can only succeed if the principle of conditionality gets stronger at the same time. Strengthening conditionality would counter nationalistic reflexes and make it impossible for member states to act as spoilers or disrupt the process. For example, the dispersal of aid and grants could be tied more robustly to the need to uphold EU law and the rule of law in general.

If Germany's federal government is going to make the differentiation process a main objective, it must situate it in a clear way and define how it sees its duties within a "modular" EU system. Due to Germany's size and weight, it is hardly possible to imagine the government in Berlin staying on the sidelines of any substantial initiatives.

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Germany Has Just Enough Room to Maneuver in the Western Balkans — It Should Use it Now

Sarah Wohlfeld

Instability in the Western Balkans is of direct concern to Germany. We have seen this, not least, over the course of the refugee crisis. Not only do migrants from the Middle East use the region as a transit route; in 2015, citizens from the Western Balkans accounted for over a quarter of the total applications for asylum made in Germany. In the 1990s, war and related troubles drove them from their homelands; today, in contrast, they are motivated by the hope of achieving greater prosperity and enjoying political stability.

The Sole Factor Uniting the Region: European Union Membership Perspectives

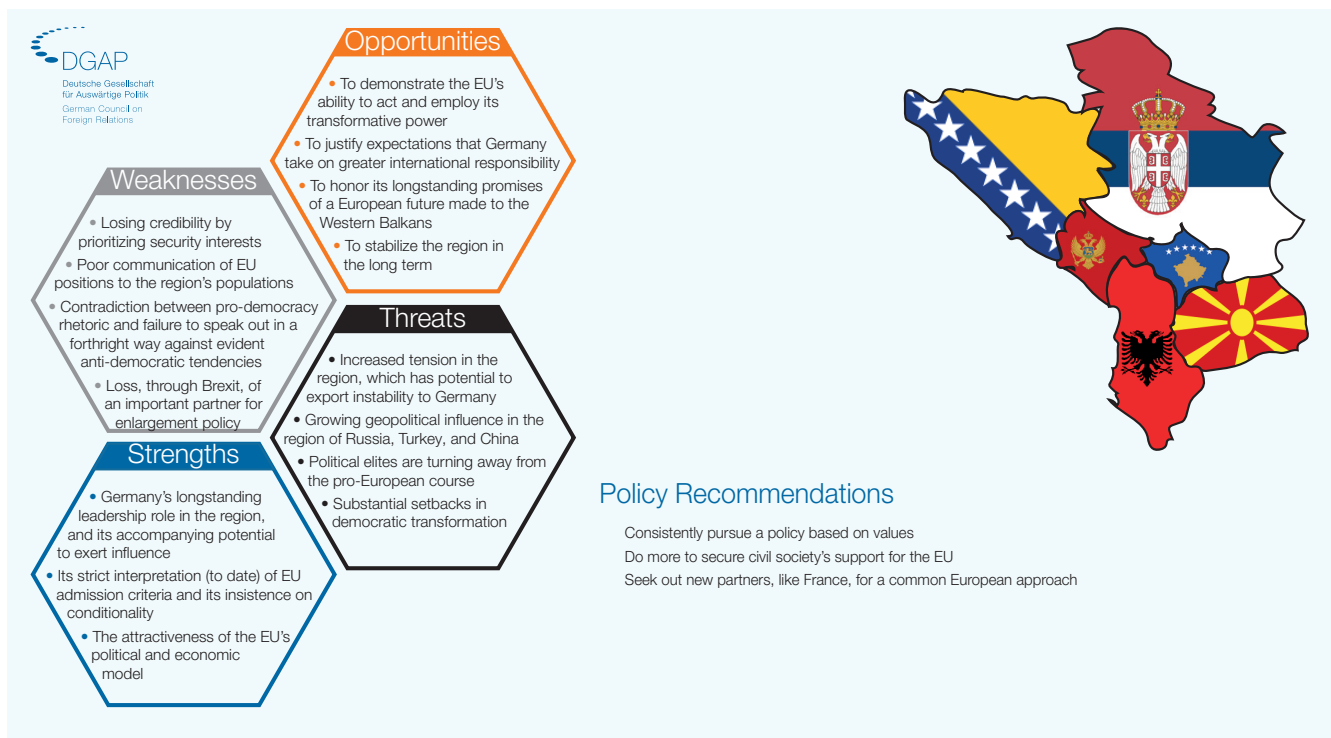
The Balkan refugee route has meanwhile closed, Germany has designated the countries in the region as “safe countries of origin,” and there has been a steep decrease in the number of applications for asylum from the Western Balkans. Living conditions have not improved there, however. Tension within and between the region’s countries has increased. Two examples are the intensified conflict between Serbia and Kosovo and the renewed ero-

sion of national cohesion within Bosnia and Herzegovina. In Macedonia, the upheavals surrounding the December 2016 parliamentary elections showed the fragility of peaceful coexistence between the Macedonian majority population and the Albanian minority.

What the states of the Western Balkans have in common is their desire to join the EU, and this is what has prevented old conflicts from violently breaking out anew. Helping the EU enlargement process overcome its current stagnation is therefore fundamentally in Germany’s interest.

Other International Actors Are Influential, Too

Considering geopolitical developments, the influence of other international actors is an urgent matter. Since Russia annexed Crimea, its government has sought to broaden its reach in the Western Balkans. Here, a lack of genuine prospects for joining the EU has led to frustration and disillusionment, and governments have failed to push through sustainable economic and political reforms. This decidedly increases local susceptibility to Russian propaganda, which is largely geared toward the



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Slavic-Orthodox population. The Kremlin, by encouraging targeted disinformation and supporting pro-Russian political powers, is also fanning the flames of domestic social tensions as well as conflicts between states – thereby impeding processes of Euro-Atlantic integration.

Turkey's role in the Western Balkans is also becoming more problematic. The government in Ankara presents itself as a power protecting the region's Muslims. Indeed, Muslim populations there – and particularly much of the political elite in Bosnia and Herzegovina – feel close cultural connections to Turkey. This influence was unproblematic as long as Ankara supported the Western Balkan states' EU aspirations. With Recep Tayyip Erdogan's anti-European course, however, Turkey is now casting itself as an alternative to the EU, with neo-Ottoman ambitions gaining in importance.

In addition to this, China is making use of the desolate situation in the Western Balkans for its own purposes. Large Chinese investments – infrastructural ones above all – are helping the government in Beijing steadily build up its presence in the region. This is creating situations of dependency that could undermine a unified European policy toward China in the future.

Despite this, the EU undoubtedly remains the most influential actor in the Western Balkans. Comparing it to Russia, Turkey, and China, the region's citizens see the EU model as both economically and politically attractive. Germany's role here is central. People in the region look primarily to Germany, not only because it is the EU's strongest and most influential economy; it is also because the German government firmly supports the perspective of EU membership for Western Balkan states.

The government in Berlin has therefore sought in recent years to assert its influence, encourage regional cooperation formats, and lend new momentum to the process of economic reform. The German-British initiative for Bosnia and Herzegovina furnishes an example. Another is the "Berlin process" launched in 2014, which brings together the region's heads of state and government, foreign ministers, and economic ministers with important stakeholders from the EU and other international institutions to address the reform process.

The Wrong Friends: Autocratic Leaders in the Western Balkans

Decisive transformation in the region, however, requires acknowledgment of the core problem in the Western Balkans: democratic deficits. The pace of democratization has in recent years not only slowed, but democracy itself has suffered worrying setbacks. While the region's

political leaders have perfected the pro-European rhetoric for use on the international stage, presenting themselves as guarantors of stability, they show markedly little respect for liberal and democratic values at home.

This is the style of governing practiced by Serbia's Aleksander Vucic, prime minister from 2014 to June 2017 and elected to the presidency this spring. To an even greater extent than his predecessors, it was Vucic who managed to exert control over the media, which are largely dependent on state subsidies. The political opposition and civil society are being repressed. All the same, Vucic continues to enjoy the regard of Western democracies because of his comparatively constructive position on Kosovo. Two weeks before the presidential elections in Serbia, Angela Merkel invited him to Berlin. He took full advantage of the meeting, casting himself as the German chancellor's close friend.

In Montenegro, Milo Dukanovic – whose party has been in power for over 25 years – receives the most Western backing. Dukanovic pushed through Montenegro's accession to NATO despite resistance from the pro-Russian opposition as well as from a substantial portion of the population. The EU and Germany, responding to these promises to stay on a pro-European course, have not criticized Dukanovic and his associates openly or harshly enough for their dubious approach toward the rule of law. Montenegro ranks as the most corrupt country in the whole region.

This policy risks putting Germany's own credibility on the line. This has long been one of its strengths, thanks to its strict interpretation of the criteria for EU admission and its insistence on conditionality. In order to promote superficial stability and out of security considerations, however, Germany is not speaking out clearly enough against what is happening today in the Western Balkans: disregard for the rule of law and the degradation of democratic principles.

At the same time, the fragile situation has led it to recognize the need to get much more involved in the region. Foreign Minister Sigmar Gabriel recently called for an allocation of more financial aid to the Western Balkans and promised additional support for infrastructural and IT projects, among others, within the framework of a rejuvenated Berlin process (the "Berlin process plus"). These additional funds are crucial, not least in light of the high amount of Chinese investment in the region. But they miss the real cause of the problems: aid money props up autocratically inclined leaders and offers little in the way of incentive for democratic reforms.

Policy Recommendations

• *Be consistent in pursuing a policy based on values*

Anchoring European liberal values in the Western Balkans is the sole effective means of sustainably stabilizing the region and driving back the influence of external actors. The German government, working together with the EU, must be clear in condemning anti-democratic tendencies and bring its own political action into harmony with its pro-democratic rhetoric. It should unmistakably link progress on the path toward European integration to a country's respect for the rule of law, and it should expose authoritarian political style for what it is. As a last resort, it must be possible to apply sanctions against politicians. By making a consistent policy out of promoting values, the EU and Germany will be able to regain lost luster, and in doing so, justify expectations that both – and particularly Germany – take on greater international responsibility.

• *Secure the support of the region's civil society groups for the EU*

Taking a strict, values-based approach does carry a real risk that governments in the Western Balkans may turn from the EU to strike more nationalistic notes – pursuing closer ties, for example, to Russia or Turkey. However,

the people of the region clearly want a future in the EU. Strengthening the EU's and Germany's work with civil society groups and helping to build up local channels of communication – for example through a media offering in the region's languages – would help ensure civic support for a pro-European course and give national politicians less room to maneuver. Providing additional support to leaders who have already demonstrated authoritarian tendencies carries the much higher risk of stymying real democratic transformation in the region.

• *Find new partners for promoting a fully European, values-based approach to the region*

With Great Britain's pending departure, the EU will lose a strong voice for proactive enlargement policy. While the United States has up until now been a crucial partner in promoting stability in the Western Balkans, Donald Trump's presidency has yet to define the administration's policy toward the region. France, which has until recently been fairly passive on the topic of EU enlargement, offers a hopeful place to start with its new government under President Emmanuel Macron.

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A Transitional Phase for German and European Policy toward Russia and Eastern Europe

Stefan Meister

The Reality Check

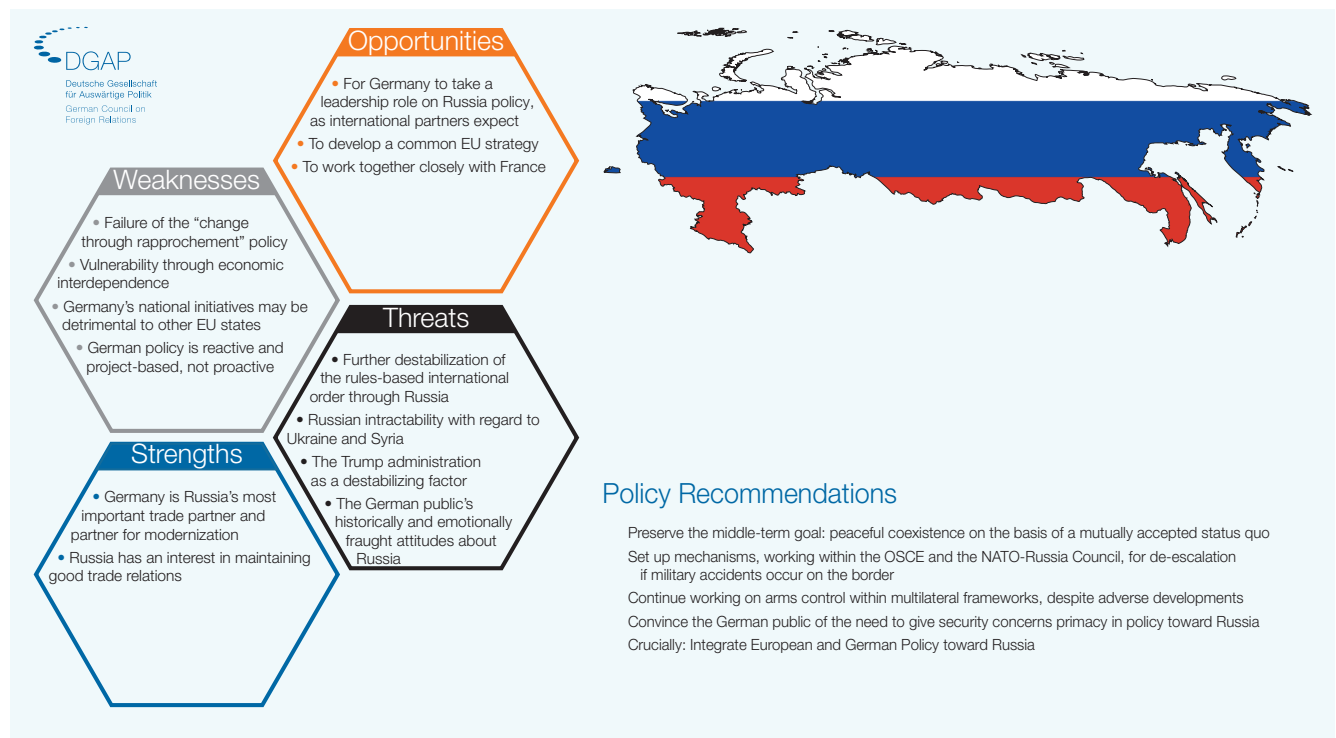
The Russian annexation of Crimea and the war in eastern Ukraine were a reality check for German policy toward Russia and Eastern Europe. The resulting loss of trust in bilateral relations has been profound, leading German policy makers to shift their priorities from economic policy in order to focus on security issues in practically all areas with the exception of energy policy. For its part, Russia's policy of pursuing destabilization and the government's failure to accept Ukraine's sovereignty have called into question the foundation of Europe's security order as it was established after the end of the Cold War.

In response, and in order to prevent further escalation of the war in parts of eastern Ukraine, the German government was instrumental in imposing European Union-wide sanctions on Russia and took the lead with France in the Normandy Four contact group, launched with the participation of Ukraine and Russia in 2014. While the Russian government views Germany as a decisive force within Europe and continues to recognize it as an important trading partner, it is unwilling to compromise either on Ukraine or on the limited sovereignty of the common

neighborhood. Its intractability rests on the assumption that the Russian negotiating position will continue to improve. This sets limitations for German and EU policy toward Russia in the short and mid term.

Institutionalization versus Power Politics

As part of the "Review 2014" initiated by Germany's foreign ministry, the government chose to pursue policies that would strengthen international institutions and global crisis management. In contrast, Russian leaders sought to introduce a disruptive element into international relations, especially after Vladimir Putin returned to the office of president in 2012. As such, Russian policy weakens international institutions and exploits conflicts in order to destabilize neighbors and keep them under control. Putin no longer views the EU as a partner or model for Russia's modernization, especially since the EU concluded association agreements with various states in the neighborhood it shares with Europe. Far worse, he regards it, much as he regards NATO, as a threat to Russian influence in the common neighborhood.



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For Russian leaders, the UN Security Council is the only legitimate body for making legally binding decisions in international affairs. At the same time, Moscow consistently blocks UNSC resolutions that aim to impose sanctions in response to violations of international law, for example the poison gas attacks conducted in Syria by Bashar al-Assad's regime. In doing so, it tries to draw on China and on post-Soviet states, among others.

In spite of Germany's enormous political engagement in chairing the Organization for Security and Cooperation in Europe in 2016, the foreign office has not yet succeeded in winning Russian support for improving the OSCE's capabilities. Russian policy not only weakens the OSCE as a central instrument of collective security in Europe but also weakens international agreements on arms control and disarmament.

Meanwhile, US President Donald Trump is also questioning the importance of international institutions and agreements, suggesting, for example, a renegotiation of the New START Treaty with Russia, which stipulates the reduction of strategic nuclear arms, because it was a "bad deal" for the US. Trump's overall lack of predictability and his minimal interest in negotiating new security treaties make Russian leaders uneasy. In an attempt to improve their negotiating position, this could provoke them into conducting Russian operations in conflicts (such as Syria) or along the borders of NATO.

Germany's Key Position in the EU vis-a-vis Russia

In the early 2000s, Germany was crucial in helping the EU develop four common areas with Russia: the economy, freedom, security, and research. It was also key in encouraging a partnership for modernization between Russia and the EU to help its big neighbor to the east. In the face of the Putin system, however – with the conflict in Ukraine and increasingly vigorous Russian disinformation campaigns directed toward Germany and other EU states – it is clear that Germany's policy of fostering change through rapprochement has failed. Based on Cold-War experiences, the federal government had developed a two-pronged strategy: "deterrence where needed and cooperation where possible." Today, while cooperation continues in areas such as the economy, energy, and education, there is currently no framework that reflects the new realities for cooperation in other areas.

In the past, economic and energy relations formed the basis of the German-Russian relationship, but it soon became clear that an approach of growing interdependence with Russia has increased vulnerability on both sides. German exports to Russia declined almost by half after

the Russian economic crisis and the imposition of EU sanctions in response to the Ukraine conflict. They have only started to show signs of slow recovery since late 2016. Trade with Russia is not expected to grow significantly in the next few years, due to Russia's lack of modernization and poor conditions for investors. Nevertheless, Russia will remain the most important oil and gas supplier to Germany and other EU states in the foreseeable future.

To improve their own negotiating position, German policy makers should nevertheless make use of the interest of Russian leaders in preserving good trade relations. After all, Germany is Russia's most important trading partner in the EU. At the same time, the next German government must be careful that Russia does not exploit its involvement in prestigious infrastructure projects such as Nord Stream 2, to the detriment of other EU member states.

Many of Germany's allies expect it to show leadership on the core topic of the EU's Russia policy, and indeed, this is an area for which Berlin is prepared to take responsibility. The next government should merge its current policy – which is rather reactive and project-based (the Minsk process, sanctions against Russia) – with the development of a broader (EU) long-term strategy. Such a strategy should take realistic stock of the dangers Russia poses, address its communications not only to Germany's allies but also to its own population, and factor in the disruptive element of President Trump's unpredictable US leadership.

Policy Recommendations

This is a period of transition in international relations, in the relationship with Russia, in transatlantic relations, and in the EU's own development. Considering the circumstances, it is not the time to draft a comprehensive new policy toward Russia and a new *Ostpolitik* altogether. In the short to mid term, this means that the next German government will need to manage its relations with Russia while minimizing the effects of Russian policy and involving Russia to the best extent possible. It must simultaneously begin immediately to lay the foundations for trust through long-term institutional initiatives.

• *Be prepared*

Two approaches to world order are at odds here, and it will take time to resolve the clash. Moscow's increasingly authoritarian tendencies at home may inspire it to act even more aggressively abroad. German security policy will have to prepare for different scenarios involving a more aggressive Russia, and to do so without provoking

offense. At present, however, peaceful coexistence on the basis of a mutually accepted status quo can only be a middle-term rather than a short-term objective for Germany's Russia policy. The next German government must set clear red lines, consider options for action in the event of crisis, and foster communication channels.

- **Set up mechanisms**

At present, the most dangerous scenarios relate to military accidents on the border between Russia and NATO. The new German government should therefore work with Russian leaders within the framework of the OSCE and the NATO-Russia Council to set up mechanisms for action and communication channels that will prevent possible overreaction or escalation.

- **Strengthen multilateral frameworks for arms control**

The OSCE serves as a venue for structured dialogue on arms control. When Germany chaired the organization in 2016, it set up an important new initiative for disarmament and arms control. Even though the current US president shows little interest in such policies and the current Russian president is intent on modernizing his weaponry, the German government can still strengthen a multilateral framework for arms control with Russia. It should promote this initiative both with its allies and with the Russian government, and it should enhance platforms for negotiation.

- **Support dialogue about Russia within Germany**

The Russian government is basing its "disinformation campaign" in Germany on the fact that German society has a complex relationship with Russia, one shaped by the emotions stemming from a unique and troubled history. It

remains difficult for Germany's government to convince its own population of the need to put security concerns front and center in German policy toward Russia. The government must improve its communication with the public on these matters. It must explain current dangers while simultaneously taking seriously the public's fears and guilt complex toward Russia, both of which are grounded in history. Frank discussion of such factors belongs in any attempt to put the Putin system into context. Within this strategy, media, think tanks, and civil society have important contributions to make.

- **Integrate European policy**

Germany's Russia policy must be an integral part of European policy. Great Britain's departure from the EU will add new relevance to France's role in establishing common EU policy toward Eastern Europe and Russia. This is true both for the Normandy Four negotiating format on Ukraine and for the continuation of sanctions against Russia. As much as strengthening the EU's policy on Eastern Europe needs to take place in close cooperation with French partners, it must also involve those smaller Central and Eastern European member states that feel particularly threatened by Russian leadership. Resilience can only grow if the EU member states do their homework: reforming the EU in its financial, social, economic, energy, and foreign policy. That, too, must be at the top of Germany's EU agenda on Russia.

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Ukraine: A Long-Term Responsibility

Wilfried Jilge

Ukraine requires the attention of German foreign policy makers in both the middle and long term. No German government can afford to ignore the situation in and around the country; the security implications are simply too extensive.

First of all, maintaining the status quo is neither ethically nor morally acceptable. Nor does it adequately address Germany's own security concerns. The United Nations estimates that the conflict in eastern Ukraine has already cost ten thousand lives. Heavily armed adversaries face one another, soldiers and civilians are dying daily, and there have been serious human rights violations.

There is, moreover, a risk of further escalation; hostilities have led to the destruction of important infrastructure (water, electricity, factories, storage facilities), which in turn carry grave risks for the environment (flooding of coal mines, release of chemicals). All of this could lead to further movements of refugees, not least toward the European Union.

Second the conflict threatens to permanently destabilize Ukraine. In terms of territorial size, the country is the second largest state in Eurasia, after Russia. It has

a population of 45 million and borders the EU member states of Poland, Slovakia, and Romania. Instability could spread through the region, heightening the possibility of economic damage and organized crime.

Third, even higher risks are involved if the situation turns into a "frozen conflict," not least because of the large size of the area that would be removed from the purview of any kind of international monitoring. In the absence of such monitoring, illicit funds would spring up, weapons smuggling would flourish, and mafia-type structures would be strengthened.

Fourth, Russia's annexation of Crimea and its military intervention in eastern Ukraine violated international law and called the European rules-based security order into question. Upholding that order is in Germany's fundamental national interest.

The Preconditions for Resolving the Conflict

It thus remains crucial for the next German government to engage emphatically to resolve the conflict. This calls as much for steadfast dedication to the principle of the



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rules-based security order as for creativity and negotiating finesse, which can bring the Minsk peace process forward by pointing out avenues of compromise.

President Donald Trump's administration considers this a problem that Europe should solve – or at least contain – without major US involvement, even though it should broadly do so according to US interests. Meanwhile, Emmanuel Macron's political victory in France makes clear that close cooperation between Germany and France within the Normandy Four negotiating format will continue. (The format was launched by Germany, France, Russia, and Ukraine at the 2014 commemorations of the Normandy landings.)

Germany should also take into account the interests of Central and Eastern European member states, working to keep on board those states that may be inclined to return to "business as usual" with Russia and leave Ukraine to deal with the crisis on its own. Such attitudes may be due to economic dependency on Russia, historical connections to the country, or simply because of a member state's geographical position on the EU's periphery.

Within the EU, as in NATO, Germany is viewed as a reliable partner that will stand up on behalf of the rules-based security order. Politically and economically it is able to get things done. Germany has traditionally maintained good contacts with both Russia and Ukraine. For these reasons, and through its longstanding commitment to resolving the three-year-old crisis, it has the required diplomatic experience to bring the Minsk process forward.

Russia Has No Interest in an Independent Ukraine

Of course this conflict cannot be resolved without Russia. But the converse also applies: that Germany will not agree to return to unrestricted and cooperative relations with Russia – the first step toward lifting the sanctions – until the conflict has been resolved. Russia therefore has a high incentive to prevent the Minsk negotiation process from collapsing openly.

For the time being, however, Russia will do all in its power to push for a solution that corresponds with its own wishes. Developments in Ukraine are of extraordinary importance to the Russian ruling elite. The emergence of a European Ukraine that adheres to the rule of law – a counter model to the authoritarian "Russian World" – would seriously call into question its own mode of holding

power. In February 2014 President Viktor Yanukovich fled Ukraine, making it clear that Russia's dream of binding the country tightly to Russia was no longer within reach. Since then, Russia has sought actively to hinder its neighbor's path toward Europeanization, to block the transformation of Ukraine's democratic institutions, and to prevent it from growing closer to the EU. Its annexation of Crimea and the military aggression in eastern Ukraine are part of this.

The Minsk Process

In eastern Ukraine, Russia has in one case at least permitted the Organization for Security and Cooperation in Europe to be involved: the presence of a special OSCE representative in Ukraine (first Heidi Tagliavini, followed in 2015 by Martin Sajdik beginning) and a special monitoring mission (SMMU) consisting of about one thousand members. In addition, the Normandy format remains in effect. Lastly, the Minsk agreements (the memorandum/protocol of September 2014 as well as the package of measures established in February 2015 with the active participation of Germany and France) remain the foundations of a political solution to the conflict.

In the meantime, however, it has become obvious that the Russian and Ukrainian governments have strikingly different ideas of how the political agreements are to be put into place. Russian negotiators seek a confederation based on the Bosnia and Herzegovina model or the "Kosak plan." (Russia proposed this in 2003 through the politician Dmitry Kosak to give the region of Transnistria veto power over Moldova's foreign policy.) Leaders in Kiev, however, do not want Ukraine's European and transatlantic foreign policy orientation, which the majority of Ukrainians favor, to be thwarted by a minority – or by Russia.

Two trends are meanwhile making things harder for the Minsk process to succeed. The first is that, with Russia's encouragement, separatist areas are gradually becoming more economically and politically detached from the rest of Ukraine. The second is that the political acceptance in Ukraine for implementing the Minsk agreements and reintegrating the breakaway regions is diminishing. Voices are growing louder claiming that Ukraine's European progress will be easier without these regions and their populations.

Policy Recommendations

- **Acting both bilaterally, as well as within the framework of the EU, Germany should:**

Stabilize Ukraine further through support for important domestic reforms. These include fighting corruption, backing an independent the judiciary branch, and encouraging and protecting freedom of the press and freedom of opinion.

Strengthen Ukraine's civil society, not only financially but also politically. It is critical here to preserve the achievements of the Maidan protests, as well as to take worrying social trends seriously – from populism to ultra-nationalism to the readiness to use violence – and counter them by fostering dialogue.

Encourage and support Ukrainian society and the country's elites to develop a sustainable vision for Ukraine that includes the breakaway territories. To this end, support an intensive dialogue both on the political level and within society as a whole, focusing in particular on German contacts within Ukraine's parliament.

Strengthen the legal and judicial bodies and renew their personnel in the areas of the Donbas controlled by Kiev. This will help contain Russian efforts to exert influence through corrupt regional Donbas clans.

- **Working within the framework of the OSCE, Germany should:**

Strengthen the OSCE's tools – particularly the SMMU. It should continue to urge Russia to speak out openly on behalf of safe and unhindered access of SMMU observers

in the entire conflict zone and to exert influence over the separatists to achieve this. The mission's mandate must be renewed each year, and the mission must be supplied with the personnel and financial resources it needs.

Work closely with the current OSCE chair (Austria) and with future chairs (Italy in 2018, Slovakia in 2019, and probably Norway) *on concepts to ensure free and fair local elections* according to the Minsk agreements as well for the OSCE to support the future transfer of control over the border to Ukraine.

Encourage confidence-building measures, also in the economic and environmental fields. These will contribute to countering the divisive tendencies that are becoming evident.

- **Working together with France, Germany should:**

Continue to work with Russia and Ukraine on a road map for implementing the Minsk agreements. Here a sustainable ceasefire is the precondition for all further steps.

- **Regarding Russia, Germany should:**

Call for the restoration of rules-based order in dialogue with Russia. It should do so bilaterally as well as within the framework of the EU, NATO, the G7/G20, and the OSCE. Although resolving the conflict in eastern Ukraine rightly dominates the agenda, Russia's illegal annexation of Crimea should not be overlooked.

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Burden Sharing in NATO: The Continued Need for German Leadership

Svenja Sinjen

Debates about equitable burden sharing in the North Atlantic Treaty Organization are not new. Practically every US president to date has asked European members to increase their own defense expenditures, thus increasing their contribution to NATO. Although the Europeans always voiced their agreement, action hardly ever followed. Now, US President Donald Trump has taken the debate to a different level. His administration insists vehemently that all European NATO members should spend at least 2 percent of their gross domestic product on defense and put forward an appropriate plan to implement this. In the event that members do not comply with this – legitimate – demand for 2 percent, there is a danger that the US will reduce its commitment to Europe, with serious consequences for European security.

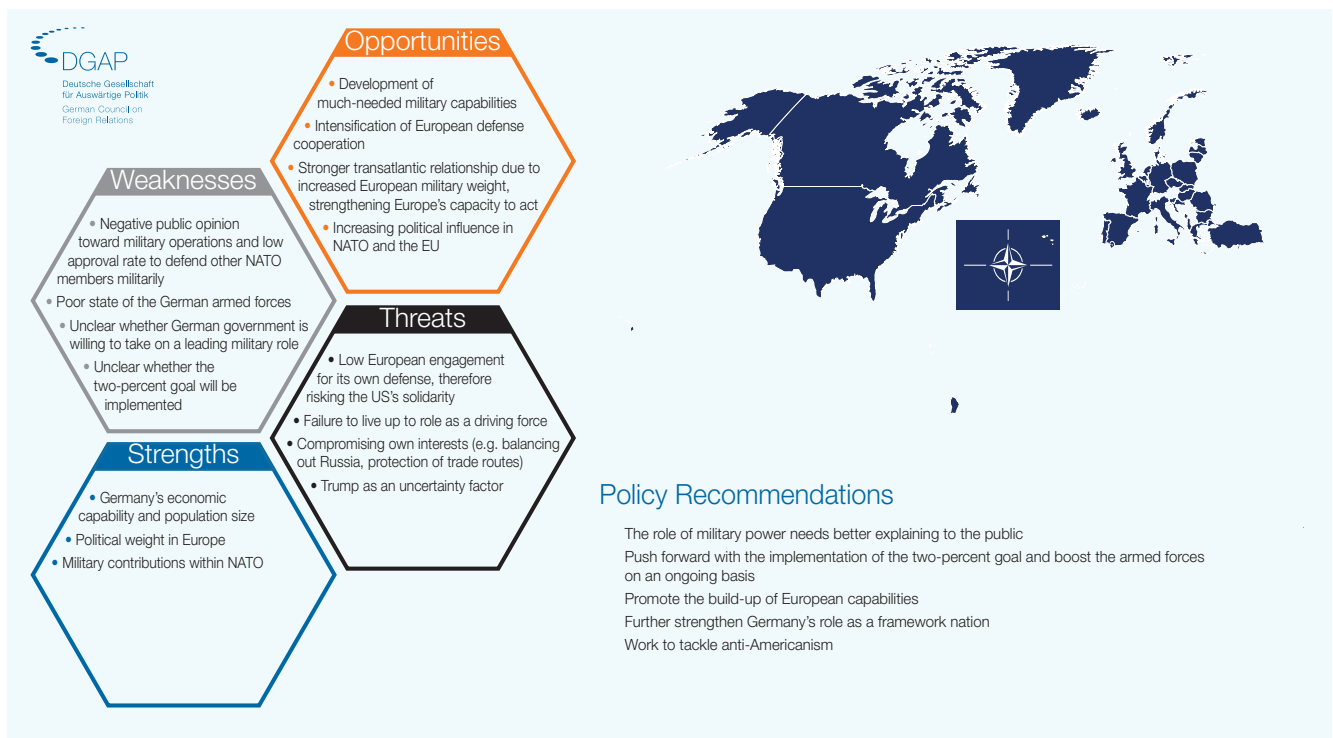
Germany's Central Role in NATO

Not only does Germany have a vital interest in maintaining NATO and the strategic alliance with the US. It is also centrally important in the debate on burden sharing. The current discussion of this subject in Germany

underestimates not only the extent of these defense policy tasks and the Europeans' military dependence on the US but also Germany's role in NATO and the high expectations its allies have of it.

Responding to the Russian annexation of Crimea, NATO already decided in 2014 to renew its original focus on the Alliance's territorial defense, while maintaining its capability for international crisis management beyond NATO territory. This reorientation has involved a major effort, especially for NATO's European members, and it will take years to complete. Most European armed forces were in dire condition, due to chronic underfunding. All NATO members have now committed to work toward the goal of spending 2 percent of GDP on defense, of which 20 percent is to be used for modernizing and expanding their armed forces.

The return to NATO's territorial defense role corresponds to Germany's interest in promoting a peaceful and stable European order. Without the US, however, the European NATO partners would not be in a position to deter Russia from potentially encroaching on allied territory. The conventional military and nuclear strength



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of the US forms the backbone for its European partners and their armed forces.

Based on its geographical position, Germany serves both as bridgehead and logistics hub for US forces. At the same time, European allies to the north and east expect considerable military support from the German economic powerhouse. If these countries were to lose the military backing of Washington and Berlin, they could be forced to follow an appeasement policy toward Russia. In addition to this, a country the size of Germany will not be able to abstain from participating in international crisis management beyond NATO territory.

In order to fulfill both these functions, Germany agreed in the run-up to the May 2017 NATO meeting to set comprehensive capability targets for its armed forces. It is estimated that this will require spending 2 percent of GDP on defense as early as in the mid-2020s. (The current German defense budget amounts to 1.2 percent of GDP.) Capability targets will probably not be reached before the 2030s.

Threats and Weaknesses

President Trump is unlikely to back off from his demand for higher defense spending. Indeed, he is only calling for what Europeans themselves agreed to and what is in their own interest. If they fail to increase their spending, there is a real danger of the US actually downgrading its commitment to Europe. In this context there is a particular focus on Germany as the biggest and economically strongest European NATO member. The 2-percent target seems comparatively modest when one considers the possibility of the Europeans having to counterbalance Russia on their own; manage crises in the Middle East; or protect international trade routes.

Germany's greatest weakness under the current circumstances is its own population's critical attitude toward German military power in foreign and security policy. For example, recent surveys have shown that the majority of the public would not be prepared to defend the Baltic states against a Russian military attack. This attitude may be grounded in Germany's history, but it weakens the country's credibility as one of Europe's leading military nations. Moreover, it is currently not clear whether Germany is really prepared to accept the role of Europe's strongest conventional force or to impose an increase in defense spending in the face of potential public resistance.

In the eyes of many NATO members, Donald Trump, too, poses a threat to the Alliance's cohesion and ability

to act. His statements about NATO during the US election campaign; his belated endorsement of the mutual defense clause; his retreat from international agreements; and his fundamental lack of predictability have led Alliance partners to severely doubt the reliability of the US under its current president.

Opportunities and Strengths

In a changed security policy environment, Europe's NATO members have recognized an ongoing need for military power in international politics. While military solutions may not ultimately be the answer to political problems, neither Vladimir Putin nor ISIS have yet to be converted to this view. It is this fact, combined with the wariness inspired by Donald Trump, that has increased readiness of Europeans to invest more in defense and build up their – sorely needed – military capability and cooperation for greater defense efficiency.

Achieving capability targets would send a credible signal to the US that Europeans are serious about burden sharing in NATO and about solving security policy problems in a more cooperative manner and on a par with the US. This is the only way to ensure a continuation of much-needed US solidarity. At the same time, Europe's NATO members would increase their own military capabilities in the long term, preparing them for an event where the US may not wish to engage jointly, be it fully or only in part, in a particular military scenario.

In this context, Germany's most important strengths are its size, its economic power, and its political weight in Europe. On this basis, Germany can substantially increase its military weight, improve European defense capability, and secure continued influence in NATO and the EU.

Policy Recommendations

To follow the traditional dual strategy of transatlantic and European alignment, the new German government should:

- **Step up efforts to explain the importance of military power to the public**

Place military power in the context of both foreign policy and security policy and clarify that deterring a potential opponent requires the credible underpinning of military capabilities – and the political will to deploy them.

- **Clearly acknowledge the pledge to commit to NATO's 2-percent goal**

Increase the defense budget and strengthen the armed forces consistently. The Bundeswehr's drastically reduced capabilities have limited the political scope for military action; it will take at least 15 to 20 years to reach capability targets. To prevent this situation from recurring, the armed forces should be strengthened permanently.

- **Drive European military capability forward and cooperate more closely to increase efficiency**

Caveat: Pointing out the current lack of cooperation in Europe is not an acceptable argument for delaying overdue investments in the armed forces.

- **Strengthen Germany's role as a framework nation**

Germany makes it possible for smaller European partners to participate in larger military structures, an integration

that increases efficiency. Neighbors such as Poland expect support from Germany. Both of these arrangements require a level of military strength that Germany is still far from attaining. For many of its neighbors, the cause of concern is Germany's military weakness, not its military strength.

- **Stress to the public that Germany and the US have stood together as partners for decades**

This by no means rules out criticism of President Trump, who has deeply shaken the German public's trust in the US. His administration's controversial domestic and foreign policy reinforces latent anti-Americanism in Germany. However, the next German government should stress that the transatlantic relationship is capable of outlasting the current crisis.

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German Security and Defense Policy: A Comprehensive Security Policy to Preserve the European Order

Christian Mölling

The last parliamentary term has seen the German government introduce the potentially most important shift in the country's foreign and security policy since the end of the Cold War. Initiated under the banner of a "new responsibility," these changes are beginning to show positive results.

However, owing to the ongoing crises around Europe and uncertainty regarding the United States, risks continue to develop. The next German government should therefore press for a comprehensive approach to security policy.

The Liberal Order under Pressure

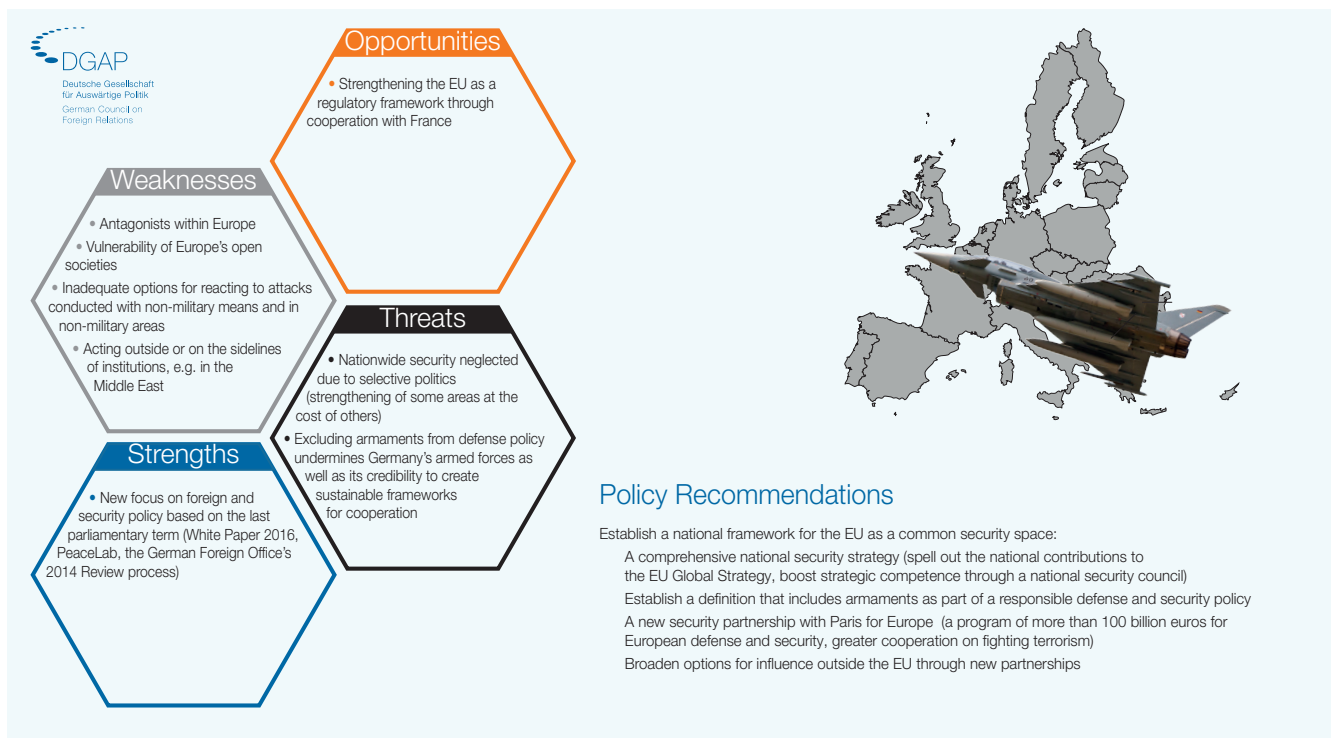
Despite its position in Europe's geographical center, Germany has become a front-line state in Europe. The continent's liberal order, affording individuals many freedoms and allowing a plurality of political and social systems, is being attacked by actors both from inside Europe – such as the current governments of Poland and Hungary – as well as from the outside, such as Russia and

terror organizations. The attacks target Europe's potential weak spots: in particular, the EU's political unity and the vulnerability of its open societies.

Challenges to security policy go far beyond military concerns. Cyber attacks, migration, and misinformation have consolidated a profound change in security policy that experts have been warning of since the 1990s. Security and defense are entering a new type of relationship.

The areas of internal and external risks are merging. In addition, the grey zone between war and peace is expanding, particularly in "non-military" fields like politics, the economy, and society. The tools of aggression are also no longer exclusively military: violence can appear in very different forms, be it blackmail through economic dependency or cyber attacks that not only steal data but also put infrastructure at risk.

The fact that this type of conflict is taking place far below the threshold of a war makes clear reactions more difficult, and requires Germany to consider new categories and responsibilities in its security policy.



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Precarious Gaps in Security Policy Remain

German security policy must also realign in areas where political, ministerial, or social resistance have so far prevented it from doing so, namely Germany's nationwide security and arms policy. A selective policy approach increases risks as disproportional strength in some areas means other areas are relatively weakened and therefore become more likely targets for attacks. Boosting the military alone pushes potential attackers toward non-military areas such as social cohesion.

From 2017 to 2021, the most important question in security policy is how Germany will deal with nationwide security policy challenges. Government documents accurately identify the challenges at those points where internal and external security converge: terrorism, cyberspace, critical infrastructure, but also migration. Political consensus on how to meet these challenges and which institutions should be in charge is lacking; this has also prevented an adaptation of the sharp distinction between internal and external security to the new realities.

The second political task is to reach a consensus on what makes a responsible security policy when it comes to armament, and which role the German and European armaments industry should play in that. Arms policy is a controversial issue in Germany that politicians have so far been very reluctant to touch. This limits the possibility of using arms exports and arms cooperation as a security policy tool. In fact, such reluctance has a negative impact: partners like India and allies like France perceive a lack of willingness from Germany to commit to reliable agreements and contribute to their security.

Excluding the issue of arms from defense policy also risks German troops' access to materiel and therefore their operational readiness. This undermines the rhetoric of Germany's defense policy – which presents the country as a framework nation for long-term military cooperation with partners.

Opportunities: With France for Europe

Following the Brexit vote, France is now Germany's most important partner in the EU with regard to security policy. After the meeting of the Franco-German Council of Ministers in July 2017, and in particular the plan to cooperate on developing a new European fighter jet, France and Germany now have the opportunity to form the political basis for real progress in European security policy cooperation.

A Weak Position on Institutional Sidelines

Germany's influence rests primarily on its deliberate integration in international institutions, most importantly the EU. Yet actors like Russia and the US, which avoid or leave these frameworks, increasingly force German politics to act outside or on the sidelines of these institutions. Germany has proven to be very weak in such non-institutional contexts – as demonstrated, for example, by its Middle East policy.

Policy Recommendations

• *Define the national contributions to the EU as a common security space*

The German government could initiate discussions between the executive branch, parliament, and actors from civil society and business about the EU as a common security space. The aim would be to react to the changes to the security situation with a comprehensive security policy at both the national and the European level. This would build on the 2016 White Paper, the PeaceLab, and the Federal Foreign Office's 2014 Review process.

• *Define a comprehensive national security strategy*

An important result of this discussion process could be a comprehensive national security strategy. The process and security strategy would pursue two objectives:

A conceptual aim: to spell out the national contributions to the EU Global Strategy and to resilience as its core concept. Risks and threats would no longer be evaluated as either internal or external but primarily with regard to their potential impact on society and the political system. Countries like the UK are already doing this. The question of the means with which to address those risks then comes down to effectiveness and suitability, rather than the traditional split between domestic and foreign policy.

An institutional aim: to boost strategic capacity through a national security council. Resilience requires cooperation between the government, civil society, and economic actors. For this reason, no individual ministry could initiate the process mentioned above. The German government should introduce an inter-ministerial national security council and ensure that non-governmental actors could also access this council. This could encourage alternative, more integrated approaches and ways of proceeding rather than a practice restricted by the separate domains of individual ministries. A long-term process that demands regular results could lead to a more routine way of dealing with questions of security policy.

• **Define armament as an integral part of responsibility**

A sustainable defense policy that involves taking responsibility for others cannot exist without an arms policy that supports this goal. Permanent and structured European cooperation on defense requires Germany to make reliable statements in terms of its defense industrial and military contributions. An armament strategy should define arms as part of the national, European, and global security policy; it should also define clear responsibilities within the German government for the overall evaluation of security policy issues.

• **A new security partnership with Paris for Europe**

A secure Europe can only exist if France and Germany work together to drive forward a common political project – which they ought to define soon. This could link the successful cooperation of the 1950s and 1960s with the need to address today's security challenges. A €100 billion investment in European defense and security over the course of the next decade should be part of the program. There are several other substantial future defense

projects as well as the European fighter jet – but for all of these, the question of arms exports must be tackled early. In terms of security, the European governments should push for greater cooperation on fighting terrorism, for instance through the evaluation of current and previous strategies.

• **Broaden options for influence**

Through individual partnerships, German influence also exists in areas where there are no institutions. However, partnerships with India or African countries demand compromises from Germany that come up against the limits of the EU's *acquis communautaire*. Germany must not compete with the EU. However, there are examples in which minilateral formats, outside institutional involvement, have proved successful, for example as part of the nuclear agreement with Iran.

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Not Quiet on the Eastern Front: The EU Could Help Defuse Escalation between the US and China

Josef Braml and Henning Riecke

Under President Donald Trump, the United States has become more confrontational in East Asia, pulling out of long-planned trade agreements and taking an increasingly aggressive stance toward China. The European Union could help defuse tensions, and deepen its own regional network in the process.

The US government under President Donald Trump may devote even more attention to the Asia-Pacific region than did its predecessor to both counter growing Chinese influence and maintain US military and economic leadership in this growing region. Trump may even attempt to use America's role as security guarantor to push for advantages in bilateral economic relationships with the country's allies.

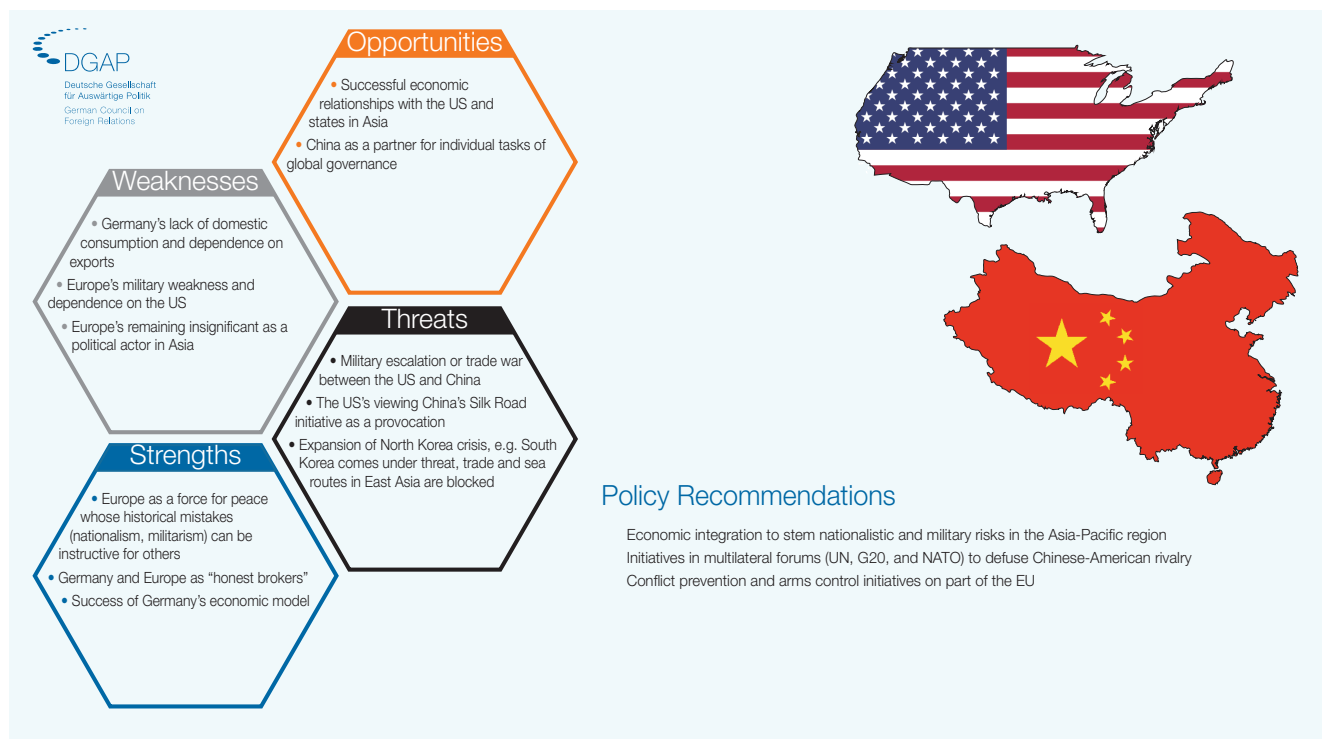
As a trading country with extensive economic links with both states and non-state actors in the Asia-Pacific region, Germany has a profound interest in avoiding any sort of military escalation or trade war. To protect German interests in secure trade and sea routes, the federal government should work through multilateral formats to help ease tensions between the US and China.

Rivalry between the US and China

There is a risk that the rivalry between the US and China for supremacy in the Asia-Pacific region will lead to military confrontation. Through its military deployments in the South China Sea and its construction of a series of artificial islands, China has been pushing its claims on territories, waters, and the resources underneath them, and developing the ability to project maritime power beyond its territory.

In the face of these threats, China's neighbors – allies and partners of the US – will expect support from Washington. The US, meanwhile, has thus far resisted restrictions to its freedom of movement in the Pacific, and regularly crosses contested waterways to demonstrate its rejection of China's claims. Although neither side has an interest in armed conflict, these symbolic clashes could escalate, whether that is the intent or not.

Tensions between the two countries regarding their respective relationships with North Korea could also lead to conflict. North Korea's nuclear and



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missile program has become a serious threat to the US, and President Donald Trump has been trying to persuade Beijing to put more pressure on North Korea, offering in return to refrain from branding China a currency manipulator.

However, China will not endorse any measure that jeopardizes North Korea's stability: it fears absorbing more refugees, as well as a united pro-American Korean Peninsula. The US therefore partly blames China for the current standoff, and has threatened to carry out a preventive strike against North Korea's nuclear plants. A potential North Korean counter-attack could hit South Korea, Germany's economic partner, and block trade routes throughout East Asia.

Geopolitics and Geo-economics

In reinforcing the "rebalancing" strategy pursued by the Obama administration to curb China, President Trump has focused on military strength and urged its allies – including Japan, South Korea, and Australia – to spend more on defense. Not surprisingly, US companies are meant to benefit from exporting weapons to the allies in the region. This will mean a certain amount of American pressure on South Korea in response to the latter's decision to withdraw from a common missile defense strategy, which has benefitted China.

The US is making further trade and monetary demands on its allies in the region, such as opening their markets to American automobiles and agricultural goods and financing even more US government debt. However, as long as these allies cannot be certain that the US will defend them in the event of an emergency, and that the Trump government will comply with the economic agreements made by the Obama administration, they will likely not be willing to make such concessions.

There is a great deal of mistrust in the region: by unilaterally declaring the Trans-Pacific Partnership (TPP) dead, President Trump left those allies in the Asia-Pacific region in the lurch, who had chosen to side with the US against China. If he also sets up trade barriers, China's neighbors could align themselves with China even further on economic and monetary issues. The regional Comprehensive Economic Partnership (RCEP) established by China against the US could offer a framework for such an arrangement.

The Dollar's Dominance in Danger

There are also signs of a shift in the area of monetary policy. China and Japan, the two main financiers of the

growing US sovereign debt, have been reducing their dollar investments for some time. China has already reached agreements on mutual recognition of currencies with Japan and South Korea. Eventually, the currency markets are likely to reflect the realities of international trade, which today means that a unipolar world with the dollar's dominance has to give way to a multipolar order with three centers of power: the dollar, the euro, and the Chinese yuan. This would mean a significant threat to the American credit-financed economic model, along with the country's ability to pay for its military obligations.

China is now leveraging its currency reserves, which it used to reinvest in the US, to shift its own economy more toward domestic consumption, while diversifying its exports with its Silk Road Initiative ("One Belt, One Road"). This will allow China to lessen its dependence from the US market and gain strategic influence in Europe. Accordingly, Washington perceives the Silk Road Initiative as an economic and political challenge to the US-led economic and political world order.

Donald Trump's "America first" policy, on the other hand, holds little appeal for US allies in Asia and Europe. On the contrary, international companies are interested in China's global infrastructure plans – Deutsche Bank, for example, is planning to work with the China Development Bank to finance €3 billion in Silk Road Initiative projects within the next five years. Global entrepreneurs need alternatives if trade barriers make their access to their most important export market – the US – more difficult.

Policy Recommendations

The danger President Trump poses with his "America first" policy only makes it more important that Germany and the EU build up their own trade relationships in the region. It is essential that trade and sea routes are not disrupted by military conflict. *Economic integration would create mutual dependencies and opportunities that could help curb nationalist and military tendencies.*

Europe could pursue a trade and investment partnership between Asia and the West running even deeper than the Trans-Pacific Partnership (TPP). In doing so, Europe – and ideally the US – could forge a regional free trade agreement encompassing several Asian and Pacific countries, one that would also incorporate India and China. There are some indications of interest in such a project in Asia, especially as the potential participants work to keep the free trade project alive after the withdrawal of the US from TPP. With this diversification

strategy, Germany would also become less vulnerable to American protectionism.

Germany should work with its Asian partners to ensure that free trade and maritime routes are not only negotiated within a UN framework, but also in the G20, and potentially even in a special NATO-China council. It might speak for NATO's credibility that, so far, the Alliance has not been an active force in the region.

The EU could enhance its conflict prevention abilities, or act as a facilitator for arms controls or trust-building measures – through joint projects in the South China Sea, for example. In particular, the EU could also help to ease

tensions between the US and China, by working toward a diplomatic handling of the standoff with North Korea. By contributing to defusing the Sino-American rivalry, Germany and Europe could grow from their supposed weakness to strength, mediating in the arms race in Asia and countering American demands for greater defense spending – all premised on the assumption that security in the region can only be created through cooperation, not competition.

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Pseudo Stability in the Middle East and North Africa : Few Options for Germany

Dina Fakoussa

Normative and Ethical Dimensions in Retreat

For some time, Germany's main goals in the Middle East and North Africa (MENA) have been to foster political stability and security in order to advance its own economic interests and to guarantee the security of Israel. Additional concrete objectives have come to the fore in recent years: curbing Islamist terrorism and staunching the flow of migrants to Europe.

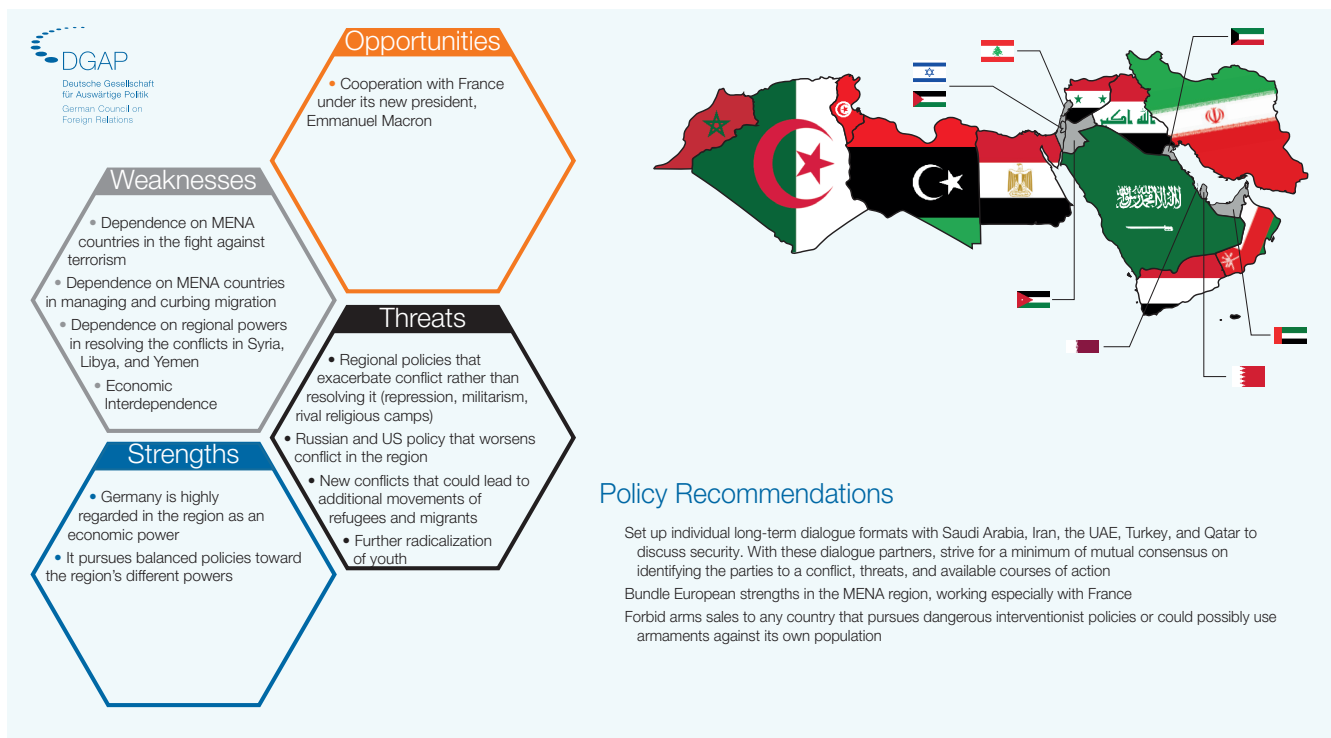
It has been virtually impossible for Germany to promote liberal democratic values in the region – for one thing because of limited opportunities to exert influence; and for another, because the political will was missing to exert pressure through leverage available before the upheavals of 2011. Hence the normative and ethical dimensions of Germany's foreign policy receded further and further into the background.

It is true that German decision makers did call for a new, more sustainable definition of regional stability after 2011 – one that would promote socioeconomic justice, political participation, and respect for human rights as the cornerstones of stability – and for foreign policy to be adjusted accordingly. But the design of German policy

still fails to reflect this understanding of stability. The federal government classifies countries like Egypt and Saudi Arabia as relatively stable; it cooperates with them and with other MENA countries despite their authoritarian political practices, alarming disregard for human rights, and regional policies that exacerbate conflict rather than resolving it.

Relationships of Dependence

Certainly, Germany's cooperation with MENA states is marked by dilemmas. Cooperation is urgently needed in areas like fighting terrorism and stemming migration. Because MENA governments are crucial to solving various regional conflicts, moreover, the German government cannot afford to jeopardize its diplomatic channels of dialogue with them. This would be the case if it were to apply strict conditionality by, for example, linking all cooperation strictly to progress on protections for political freedoms and human rights. The region's ruling governments would see this as an affront to their own sovereignty. Considering the seriousness of the conflicts in Syria,



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Libya, and Yemen, such a policy would not contribute to putting viable solutions into place.

The region also continues to present German businesses with a very lucrative market. Affluence and progress in the Federal Republic of Germany are interwoven with its economic ties to authoritarian states around the world, not least in MENA. Indeed, if economic cooperation is tied to conditions in the political realm, the German government and, with it, German society must be prepared to accept a certain amount of economic loss.

Moreover, due to changing foreign policy parameters, for example, the highly controversial and destabilizing MENA policies of Russia and the United States, Germany's engagement here is more crucial than ever.

Unavoidable Risks, for which Germany Also Bears a Responsibility

The majority of governments in MENA pursue policies that fan the flames of radicalism rather than addressing their root causes. Political repression, the unjust distribution of resources, and a lack of opportunities prepare the ground for new forms of potentially violent confrontation. Moreover, the highly militarized regional policies practiced not only by Saudi Arabia, Iran, and Egypt but also by the United Arab Emirates (UAE), Qatar, and Turkey exacerbate situations of conflict rather than resolving them. Such national policies leave little if any room for political solutions involving conflicting parties directly. This, too, increases the likelihood of new waves of refugees and migrants surging toward Europe.

Germany may be partially capable of warding off risks emanating from the region, but it is hardly ever able to address their fundamental causes. Cooperation with intelligence services and military forces in the fight against terrorism has indeed helped avert terrorist attacks in Europe and at least partially suppress extremist groups such as ISIS. Such successful individual instances of cooperation on hazard prevention and emergency response do take place frequently, and these will continue. But the region will remain mired in conflict as long as its political elites are unprepared to address the urgent issue of social

inequality and ensure pluralism and respect for human rights at home.

While the region's political elites are mainly responsible for these grievances – and hence for the potential conflicts in the respective countries – Germany is also indirectly responsible. Germany's economic cooperation does strengthen and legitimize autocratic regimes. The company Siemens, for example, has a contract worth billions of euros – the largest in its corporate history – to build gas-fired power plants for Egypt. The megaproject has supplied some parts of the country with electricity for the first time and improved supply in others. Although this does benefit large parts of the population, it also enhances the status of Egypt's ruling powers. Germany's economic cooperation with such leaders may indeed help stabilize their regimes in the short and middle term by contributing to some extent to their ability to bring about economic and social change. But it hardly contributes in the long term to stabilizing society as a whole and guaranteeing social peace.

A Franco-German Initiative: New Opportunities

Germany remains highly regarded in the region due to its economic power and comparatively balanced policies toward the region's different countries. It should supplement these strengths. The renewed partnership with president Emmanuel Macron of France offers both European heavyweights an opportunity to act together in MENA. There is much to recommend the two states working together here. In MENA countries, relations with the European Union as a whole have less of a shaping role than bilateral relationships. The Gulf states in particular find the EU to be a conceptually difficult construct, and these countries place higher value on direct dialogue at the national level. Moreover, up until now, the EU has not pursued a coherent, coordinated Middle East policy. Considering the EU's current internal divisions, attempts to catch up now are unlikely to bear fruit, which will further diminish the EU's political and diplomatic weight.

Policy Recommendations

It is impossible to formulate a single strategy for the MENA region, considering the heterogeneous and complex nature of the problems there. But there are some sensible, cross-border measures that the next German government could take.

• *Establish long-term dialogue on security*

The differing perceptions and approaches of individual MENA states need to be brought closer to those of Germany. Some minimum of mutual consensus – on identifying the parties to a conflict, threats and risks, and available courses of action – is a precondition for finding effective and sustainable solutions. Germany's next government should set up individual long-term dialogue formats to discuss security not only with Saudi Arabia and Iran but also with the UAE, Turkey, and Qatar. Identifying shared threats, analyzing risks, and deepening trust should be at the top of the agenda for such a dialogue. This project will be hardest to achieve in Turkey, due to the present tension in Turkish-German relations.

• *Bundle European strengths*

Standing together as advocates of the liberal world order, France and Germany should also fulfill that role in the MENA region, showing the regimes there greater resolve, and with it, greater strength.

• *Take a balanced approach to economic cooperation*

The German government should not allow arms sales to any country that pursues dangerous interventionist policies, and still less to any country for whom there is a possibility of using armaments (in some cases, repeatedly) against its own populations. The immeasurable costs incurred by yet more warfare and destruction in the region would far outweigh the economic loss caused by the cessation of such sales.

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German and European Policy toward Turkey

Laura Lale Kabis-Kechrid

For decades, Turkish foreign policy was shaped by a pro-Western and pro-European orientation. This was accompanied by Turkey's involvement in important Western organizations and treaties, from membership in the Council of Europe and NATO to the Ankara Agreement and Turkey's status as a European Union candidate country. In recent years, however, Turkey has not only turned more of its foreign policy attention toward the Arab world and Asia but has also in its domestic policy distanced itself from the EU's legal and political norms. When upheaval broke out in the Middle East in 2011, Turkey was still viewed as a possible model for other countries in the region – supposedly combining a successful parliamentary democracy geared toward the West with conservative Islamic government leadership. In the meantime, however, Turkey is headed toward autocracy.

The recent transformation of Turkey's political system into a presidential system, the erosion of democratic structures grounded in the rule of law, and the current government's provocative rhetoric toward the EU and individual EU member states are giving rise to fundamental questions about Germany's (and the EU's) future relations

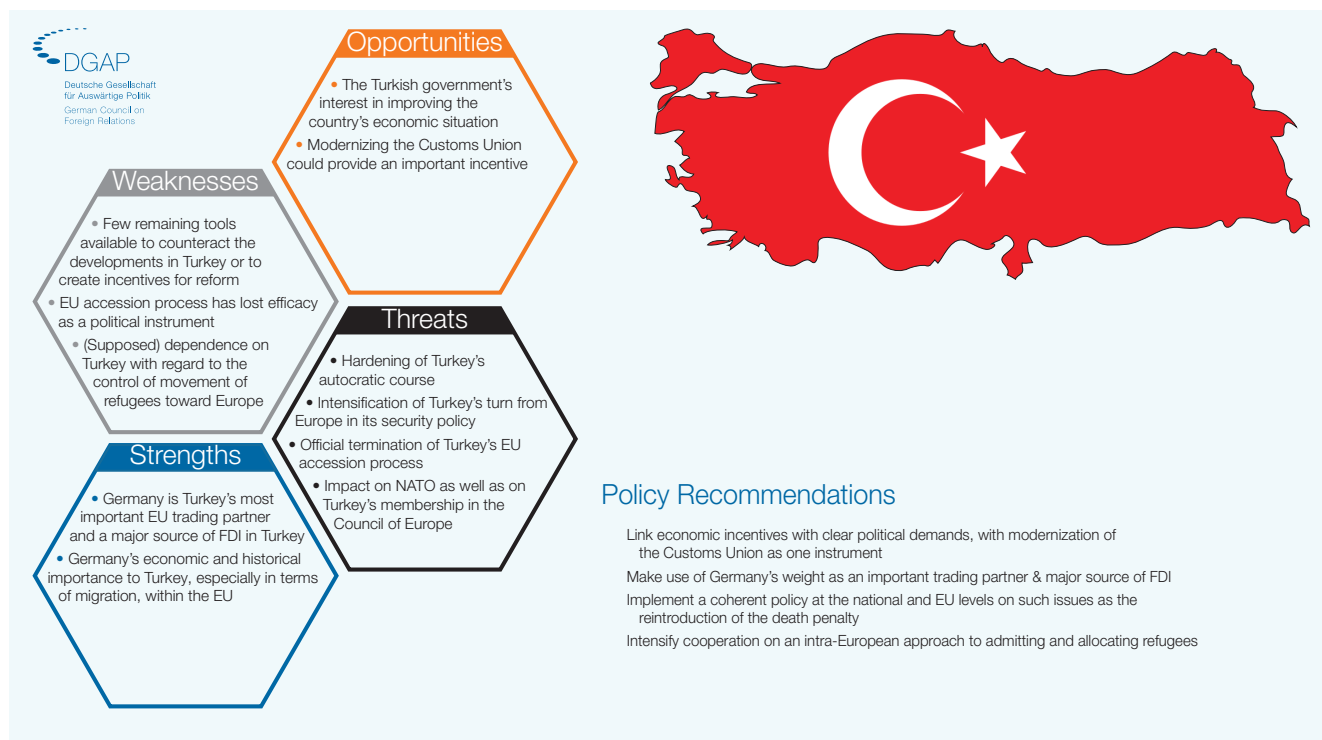
with Turkey. The situation is made all the more difficult by the fact that Turkish foreign policy is increasingly driven by domestic political issues. The Erdogan government's anti-European rhetoric is thus motivated, among other things, by the prospect of winning votes from the conservative and nationalistic camp.

German and European Interests

In spite of the many issues complicating relations today, Turkey remains an important partner for Germany and the EU. This holds especially true for security policy, the fight against terrorism, refugee policy, and economic interests.

Security policy

Turkey's geostrategic location and its membership in NATO make it key to stability and security in the Middle East. For this reason, the policies pursued by Turkey can contribute to resolving – or to worsening – conflicts. This is especially the case in Syria. If Turkey continues to distance itself from the EU, it could weaken NATO, and it harbors the risk that the country could align its security



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policy more closely with that of Russia and act against German and European interests.

The fight against terrorism

Turkey is an important partner for intelligence cooperation as well as in support for the international coalition against ISIS. Not only has the recent row over visits to German troops stationed at the Incirlik air base and subsequent plans to relocate them strained bilateral relations. It is also hampering effective cooperation in the fight against terrorism.

Refugee policy

In their effort to control migration from the Middle East and Afghanistan, the German government and the EU rely on Turkey as a transit country on the EU's outer border. The survival of the EU's already heavily disputed refugee agreement with Turkey has become even more controversial. Furthermore, more and more Turkish citizens are seeking asylum in countries like Germany and Greece as a result of domestic developments in Turkey. Because of the implications for migration, stabilization of the political and domestic situations in Turkey, along with the protection of human rights, are very much in the EU's and Germany's interest.

Economic interests

Economic cooperation with Turkey is vital to Germany. In 2016, the bilateral trade volume totaled 37.3 billion euros, 21.9 billion of which came from German exports to Turkey. Within the EU, Germany is the second largest foreign investor in Turkey (after the Netherlands). Furthermore, Turkey is important as a transit country for Europe's energy supply from the Middle East and the Caspian region.

Interests vs. Values and Norms

It is becoming increasingly difficult for Germany and the EU to pursue their interests in Turkey while at the same time credibly standing up for their own values and norms. There are few remaining means available to help counteract the developments in Turkey or to offer it incentives for reform.

The (at best) painfully slow progress of Turkey's accession process to the EU has undercut the efficacy of one of the EU's most important political instruments in

its relations with the country. Nevertheless, the process is essential for keeping diplomatic channels open. Were Turkey's accession process to be officially terminated, it would not only close off these channels but would also have a fatal effect in terms of public perception; Turkey would become the first case of a failed accession process. Also unclear are the effects that a continued divergence between Turkey and its Western partners would have on NATO and such organizations as the Council of Europe.

At the same time, it is important that Germany and the EU not sacrifice their values and standards on behalf of *realpolitik*. The greatest challenge for Germany's next government will be to establish a clearly defined, coherent position on both a national and on a European level with regard to Turkey. It is crucial for Germany to offer the Turkish government the right incentives without making too many compromises.

Economic Incentives as a Point of Departure

Turkey's economic development – long considered an important factor for the AKP's continued success in elections – will also be decisive for Erdogan and his party in the presidential and parliamentary elections scheduled for 2019. Turkey's economic growth has noticeably decreased, and the economic figures released in April point to clear weaknesses. Considering the narrow margin by which the April 2017 referendum was passed to alter the constitution, it is important for the Turkish government to improve the country's economic situation.

Turkey's economic integration with the EU, which was developed over the course of decades, is extensive, and despite Erdogan's rhetoric, the economic significance to Turkey of Germany and the EU will probably not change very much in the near future – even if Turkey does seek closer cooperation with Russia and China. Shortly before the referendum, Erdogan stated that once the referendum was over, Turkey would reexamine all its political and administrative relations with the EU – but that it would maintain its economic ties. Pragmatic economic considerations could lead the country toward renewed convergence with the EU and Germany. Whether such interests will receive greater weight, prompting a shift in focus from the current populist strategy, will depend, however, on what strategies Erdogan considers most promising for the 2019 election campaign.

Policy Recommendations

• *Link economic incentives with clear political demands*

Germany and the EU may not be able to dampen the undemocratic trends taking place in Turkey's political system. They can, however, establish incentives that curb autocratic tendencies and simultaneously steer relations in a more conciliatory direction. The modernization of the customs union between Turkey and the EU could serve here as an important instrument. The Turkish government has a strong interest, for example, in expanding the customs union to include the services sector and agriculture. Within a common EU approach, which is indispensable, Germany could contribute substantially to shaping the right incentives. This is not only because of Germany's significant historical connection to Turkey, not least in terms of migration. It also represents Turkey's most important trade partner in the EU and is one of the largest sources of foreign direct investment.

• *Set clear boundaries*

Germany and Europe must formulate a coherent and coordinated position on Turkey that is implemented rigorously, particularly on such issues as the reintroduction of the death penalty.

• *Intensify cooperation on an intra-European approach to admitting and allocating refugees*

Though this task may seem particularly challenging at the moment, it is important in order to free Europe from its alleged dependency on Turkey with regard to migration policy, as well as to remove sources of leverage that the country could use against the EU.

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Germany's Relations with Iran beyond the Nuclear Deal: Readjusting Foreign and Development Policy

Ali Fathollah-Nejad

The July 2015 nuclear agreement with Iran – the Joint Comprehensive Plan of Action – brought the decade-long controversy over Iran's nuclear program at least temporarily to an end, enabling Germany to revitalize its relations with Iran. In accepting the deal, Iran agreed to see extensive measures be put in place to prevent the country from becoming a nuclear power. In return, the five permanent members of the UN Security Council plus Germany lifted nuclear-related economic sanctions.

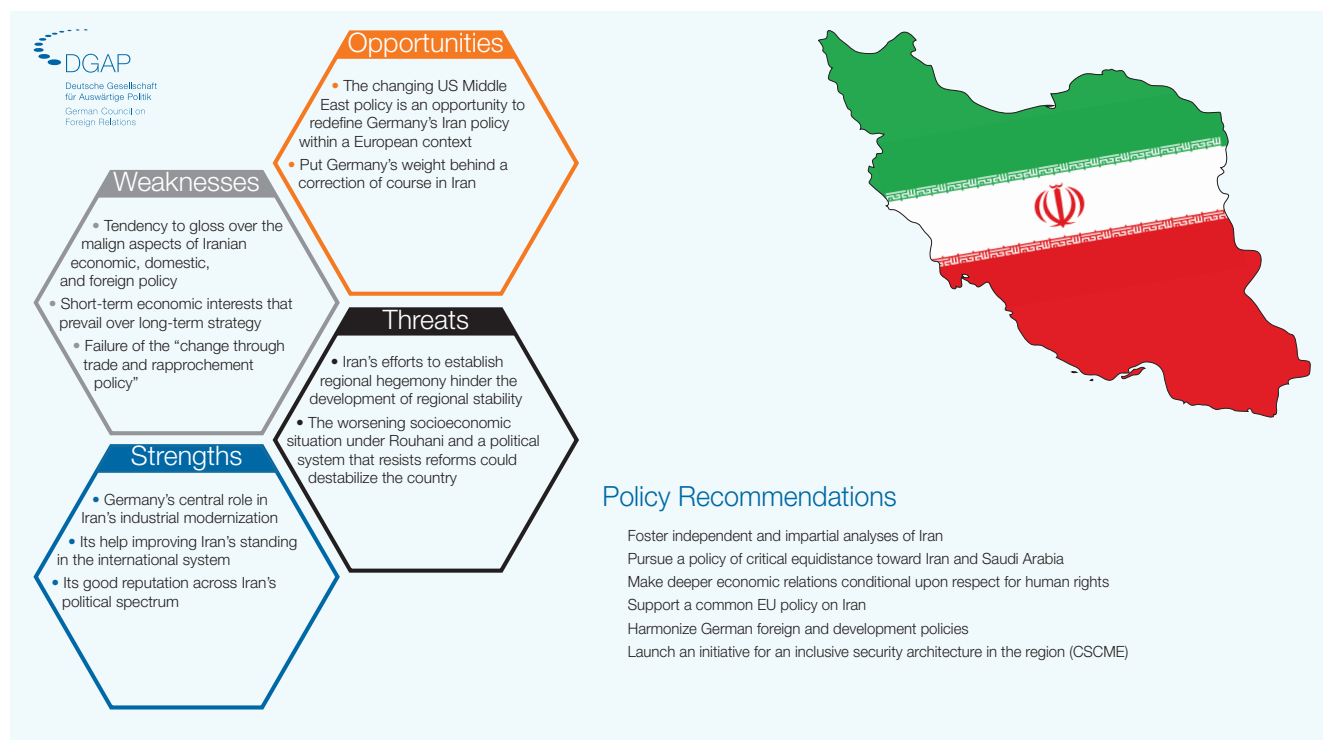
Europeans had hoped the agreement would have a positive effect on Iran's domestic and foreign policies. This has not been the case, however. Internally, human rights and socioeconomic conditions have worsened, and externally Iran has pursued its goal of retaining and expanding regional power with ever more intransigence.

This policy in turn has fueled the conflicts in Iraq and Syria and acts as a thorn in the side of Saudi Arabia and Israel, two important partners for Germany. The balancing act between maintaining Germany's close relationships with these partners and simultaneous rapprochement with Iran has become even more difficult.

German Interests

The rapprochement made possible by the nuclear agreement with Iran rests on two pillars: economic and energy policy on one pillar and foreign policy on the other. Germany's primary interests in Iran are, first, to promote stability in the Persian Gulf region, which continues to be vitally important for global oil supplies; and, second, to resolve the conflicts in the Middle East, not least in order to prevent further refugee movements toward Europe.

Interests include diversifying German and European energy supplies (for example, through increased Iranian imports, which would reduce the significant dependence on Russia), improving exports of its industrial goods, and expanding economic relations with Iran. The revitalization of commercial and political ties with Iran has been rationalized as an integral part of a "change through trade and rapprochement" policy. A sober assessment, however, reveals that this strategy has so far failed.



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Iran Can No Longer Be Viewed as an Anchor of Stability in the Middle East

Considering Germany's own interests, its next government should revisit the country's positions on Iran. The current policy has neglected clear risks, particularly Iran's efforts to establish regional hegemony, which have led to a marked deterioration in Iran's relations with its neighbors. As such, they run counter to Germany's goal of promoting stability in the region.

Above all, Germany needs to reassess its reading of Iran as an anchor of stability in the region. The same factors that contributed to the 2010–11 upheavals in the Arab world are present in Iran. With its dire socioeconomic conditions and a political system resistant to reforms, the country presents a fragile rather than a stable prospect.

Germany's Strengths and Weaknesses

The strengths of Germany's relationship with Iran lie in its central role in the modernization of Iran's industrial infrastructure; in the good reputation it enjoys across the Iranian political spectrum; and in its substantial role in helping Iran improve its standing in the international system.

The chief weakness of Germany's current approach is that it glosses over the malign aspects of Iranian domestic and foreign policy since 2015. By overemphasizing aspects of change under President Rouhani, Berlin has failed to meaningfully consider the worrying continuities. For example, it has generally overlooked the fact that, while Iran's various political factions compete in day-to-day politics, they are united in a common overriding purpose: ensuring the regime's security and survival. German foreign policy tends to project Tehran's "constructive engagement" on the nuclear issue onto the country's regional policy. This misperception, combined with short-term economic interests, has thus far prevented Berlin from investing diplomatic energy into moderating Iranian domestic or foreign policy.

Threats and Opportunities for Germany

Germany and the European Union took advantage of the space offered by the Obama administration's Iran policy

by initiating their own course of rapprochement with Tehran. Now, with President Donald Trump's rejection of any conciliatory approach toward Iran, voices in the EU have called for an emancipated Iran policy independent of the US. This opens up opportunities to redefine Germany's Iran policy within a European context.

Setting Conditions for Cooperation

Considering German interests, a readjusted policy toward Iran should include the following core elements:

- **Pursue a policy of equidistance toward Iran and Saudi Arabia**

This is the starting point for any successful German or EU approach to the region. In practice, this means being equally critical of the regional roles of Riyadh and Tehran to avoid giving the impression of favoritism. Successfully balancing relations with the two countries would improve Germany's standing in resolving those regional conflicts where both Iran and Saudi Arabia are key actors. To some extent, it could also slow the violent spiral of escalation between the two countries. Specifically, Germany and the EU must criticize – and strive to correct – Iranian policy in two particular areas, both connected to the fight against terrorism: 1) Tehran's sectarian regional policies in Syria and Iraq and 2) its support for the Assad regime. Both factors have contributed significantly to the rise of violent extremist Sunni groups such as ISIS.

- **Make deeper economic relations conditional on Iran's respect for human and civil rights**

The next German government should put human rights firmly on the policy agenda of bilateral relations. The human rights situation in Iran is dire – the country has the highest rate of executions worldwide – and human rights activists, dissidents, women's rights activists, trade unionists, and minorities suffer ongoing political repression. It is no coincidence that Iran is currently one of the biggest source countries for refugees in Germany. The next government would greatly increase its scope for exerting influence by making the deepening of economic relations conditional on Iran's respect for human and civil rights.

- ***Support a common EU policy on Iran***

Such a policy should connect the principles of long-term stability with economic interests. The EU's Global Strategy already defines the cornerstones of a European Iran policy: engaging both the Gulf Cooperation Council (GCC) and Iran; improving dialogue with Iran and the GCC states on regional conflicts, human rights, and the fight against terrorism; and preventing existing conflicts from spreading. Indeed, successful coordination of European policy could prevent Iran from playing individual EU member states against each other in bilateral relations. A Franco-German initiative should be at the core. Though France does pursue its own economic interests in Iran, its government, too, is concerned about Iran's regional policy. Italy, another important economic partner for Iran, could be a third partner.

- ***Launch a German and EU initiative for an inclusive security architecture in the region***

In the short run, this would prevent the Iranian-Saudi rivalry from escalating further. Establishing a Conference for Security and Cooperation in the Middle East (CSCME) would constitute a meaningful effort to find sustainable solutions to the variety of complex challenges in the region. The concept of common security ought to be established as a new paradigm, while confidence-building

measures as well as “soft” and “hard” topics need to be addressed. Launching such a conference would undeniably require enormous political and diplomatic effort on the part of Germany and the EU. But in the absence of such an initiative, European states are likely to see far greater costs as a result of endemic conflict raging in the Middle East.

- ***Harmonize German foreign and development policies, with a view toward benefitting the majority of the Iranian population***

Supporting inclusive and sustainable economic development in Iran would contribute substantially to Germany's primary interest: promoting stability in the Middle East. The nature of domestic economic policy and foreign trade relations has only worsened the socioeconomic situation of Iranians, politically paving the way for the re-emergence of right-wing populism. This could lead to a rightward shift in the political system at the next presidential elections in 2021.

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A German Strategy toward Saudi Arabia Should Rest on Joint Pillars: Promoting Regional Stability and Fighting Terrorism

Sebastian Sons

In the past, Germany's interests in Saudi Arabia were mainly limited to economic cooperation and arms exports. With the turmoil in the Arab world that began in 2011, however, Berlin has come to perceive the kingdom as a partner in the fight against terrorism and as a potential stabilizing force in the Middle East. As the formerly influential regional powers of Egypt and Syria are caught in ever-deepening cycles of political crisis, Saudi Arabia becomes more and more important as the most powerful Arab force for order in the region.

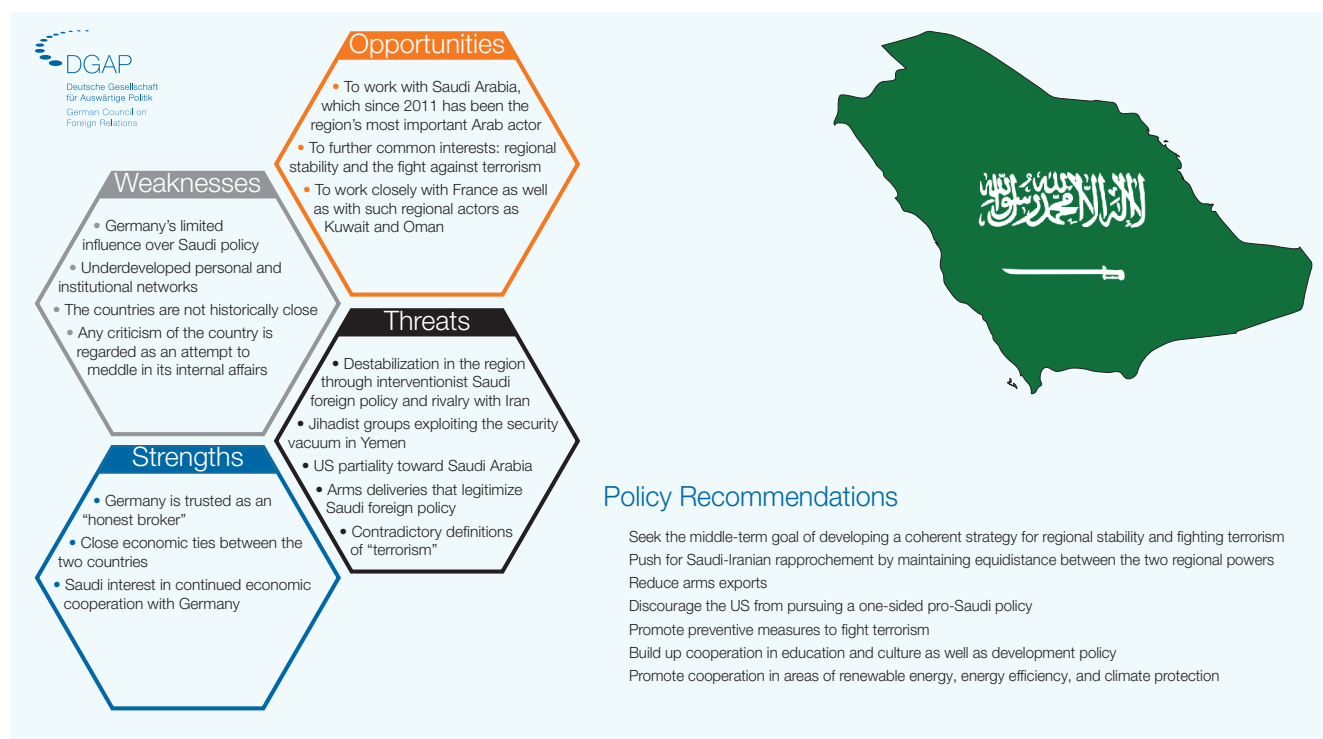
German Interests

Germany has realized that stability and security in the Middle East can only be achieved in cooperation with Saudi Arabia, and its interest in cooperating with the kingdom has extended from economic concerns to encompass political and intelligence areas. This has led in turn to a controversial discussion in German policy circles about whether – and to what extent – German arms exports to Saudi Arabia undermine the foreign ministry's twin overarching goals: regional stability and fighting terrorism.

Threats Posed by New US Policy

German interests are being threatened by the Saudi leadership's interventionist policies in the region, however. These include the Saudi military operation in Yemen, human rights abuses on the domestic front, and above all, the country's enduring rivalry with Iran, all of which are increasingly destabilizing the Middle East and especially the Arab peninsula to the benefit of jihadist groups like ISIS. Saudi Arabia's military action in Yemen, which began in March 2015, has created a security vacuum there, which jihadists are using to their advantage. There is also a strong connection between jihadist ideology and the Wahhabist interpretation of Islam, which has its origins in Saudi Arabia.

German foreign policy makers are as concerned about these developments as they are about US President Donald Trump's one-sided partisanship on behalf of his Saudi ally. Furthermore, US-Saudi arms deals that are worth billions contribute to the build-up of weapons in an already volatile region. Trump thus fuels Saudi Arabia's escalation with Iran. This, too, runs counter to German interests in security policy and could threaten the nuclear deal with Iran, which Germany co-initiated.



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Opportunities to Serve as an Honest Broker

Saudi policy makers view Germany's criticism of the country's human rights record as a sign of disrespect and as an attempt to meddle in its internal affairs. Compared to the US, France, and Great Britain, Germany's ability to influence Saudi policy is limited for several reasons. For one thing, it was not until recently that Saudi Arabia came into focus as being of geostrategic interest to German foreign policy. Relations between the countries have not been historically close, and there are few personal networks to build on. That said, Saudis tend to appreciate Germany as an "honest broker," one that has proven able in the past to serve as an even-handed and trustworthy mediator in the region. Saudi politicians and diplomats indicate, for example, that the termination of German arms exports to the kingdom would be acceptable in order to protect political relations.

The German government should leverage this trust and develop a coherent strategy for dealing with its difficult Saudi partner. In doing so, it should not lose sight of its priorities.

Policy Recommendations

• *Promote regional stability*

The next federal government should work towards a cautious rapprochement between Iran and Saudi Arabia. German-moderated educational events could contribute to this by uniting Iranian and Saudi young talent from politics, media, academic research and the economy. Even more than before, German relations with the two opponents on the Gulf should be defined by equidistance. This would foster trust from the Saudi leadership, as it is concerned about being disadvantaged in favor of Iran.

Germany should stop delivering arms. Saudi Arabia is directly involved in a military conflict in Yemen, and the war markedly worsens the humanitarian situation of the civilian population there. The Saudi government is also responsible for the repression of human rights activists and the Shiite minority in its own country. To make it clear that it does not condone these Saudi actions, the next German government should no longer deliver arms to Saudi Arabia.

Together with other European partners, Germany should encourage the US to avoid one-sided partisanship on behalf of Saudi Arabia in order to avoid worsening the regional conflict with Iran. Should Germany find that the US does not support this policy, it could instead join forces with European partners such as France and poten-

tial regional mediators such as Kuwait or Oman to try and initiate a rapprochement between Iran and Saudi Arabia.

• *Fight terrorism together*

Not only should the fight against terrorism take place at the intelligence and security policy levels. Preventive measures are increasingly important as well. Germany should continue to emphasize Saudi Arabia's constructive role in the fight against terrorism on a security level, but it should also point out the potential of prevention in ideological terms. In particular, it should encourage cooperating with Saudis on initiatives to de-radicalize jihadists. For example, Saudi and German operatives could share their experiences on how they identify potential jihadists as well as in how they reintegrate de-radicalized jihadists politically and socially.

German foreign policy makers must be aware, however, that this approach has its limits, as Saudi and German definitions of terrorism do not always converge. Saudi oppression of human rights activists, for example, and the country's combative stance on Iran are both conducted in the name of "fighting terrorism." This can hamper coordinated action.

To strengthen specific areas of activity relating to the two main goals – regional stability and the fight against terrorism – Germany's next government should also develop the following areas:

• *Promote cooperation in education and culture*

Germany should intensify its cooperation with Saudi Arabia on education policy. In Saudi Arabia, the German educational system and training programs are held in high regard. The country's comprehensive reform agenda "Vision 2030," created to diversify the kingdom's oil-dependent economy, opens up new opportunities to initiate educational and training projects at the secondary school and university levels.

Germany should also intensify its cultural cooperation with Saudi Arabia. In the past, organizations such as the Goethe Institut and the Konrad Adenauer Stiftung have successfully organized arts and cultural projects in and with Saudi Arabia. Professionals from the Saudi and German cultural spheres should be given regular opportunities to meet in both countries. This would deepen exchange between figures who are influential in civil society on such sensitive subjects as the social position of women, political openness, media freedom, and socio-economic challenges.

• *Cooperate on development projects*

Saudi Arabia is one of the most important Arab donor countries in development cooperation, working closely with UN organizations, especially in Syria and Yemen. Within this framework, the German and Saudi governments should strive for closer coordination of their development initiatives.

• *Cooperate on energy and climate protection*

German companies could benefit from the business opportunities created by the expansion of renewable energy and energy efficiency in Saudi Arabia. Saudi policy makers are aware of the need to diversify the country's energy mix, and German companies and research institutes could assist in driving the envisaged Saudi energy turnaround.

Germany should encourage and support Saudi initiatives for climate protection. Indeed, Saudi Arabia is responsible for a large percentage of worldwide CO₂ emissions and is, at the same time, particularly affected by climate change due to its dry conditions and high levels of air and water pollution. Having recognized this, the country has become active in international and multi lateral climate protection initiatives, so far with little lasting success. Germany could offer more political and economic support in this area.

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