German Foreign and Security Policy: Trends and Transatlantic Implications

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Summary

German Chancellor Angela Merkel took office in November 2005 promising a foreign policy anchored in a revitalized transatlantic partnership. Most observers agree that since reaching a low-point in the lead-up to the Iraq war in 2003, relations between the United States and Germany have improved. With recent leadership changes in the United Kingdom and France, and a fragile coalition government in Italy, U.S. officials view Germany under Chancellor Merkel as a key U.S. ally in Europe. Despite continuing areas of divergence, President Bush and many Members of Congress have welcomed German leadership in Europe and have voiced expectations for increased U.S.-German cooperation on the international stage.

German unification in 1990 and the end of the Cold War represented monumental shifts in the geopolitical realities that had traditionally defined German foreign policy. Germany was once again Europe’s largest country, and the Soviet threat, which had served to unite West Germany with its pro-western neighbors and the United States, was no longer. Since the early 1990s, German leaders have been challenged to exercise a foreign policy grounded in a long-standing commitment to multilateralism and an aversion to military force while simultaneously seeking to assume the more proactive global role many argue is necessary to confront emerging security threats. Until 1994, Germany was constitutionally barred from deploying its armed forces abroad. Today, over 7,000 German troops are deployed in peacekeeping, stabilization, and reconstruction missions worldwide. However, as Germany’s foreign and security policy continues to evolve, some experts perceive a widening gap between the global ambitions of Germany’s political class, and an increasingly skeptical German public.

Since the end of the Cold War, Germany’s relations with the United States have been shaped by several key factors. These include Germany’s growing support for a stronger, more capable European Union, and its continued allegiance to NATO as the primary guarantor of European security; Germany’s ability and willingness to undertake the defense reforms many argue are necessary for it to meet its commitments within NATO and a burgeoning European Security and Defense Policy; and German popular opinion, especially the influence of strong public opposition to recent U.S. foreign policies on German leaders.

Under Merkel’s leadership, Germany has sought to boost transatlantic cooperation in areas ranging from economic and trade relations, climate change policy, and global counterterrorism and non-proliferation policy, to peacekeeping, reconstruction and stabilization efforts in Afghanistan, the Middle East, Africa, and the Balkans. Merkel has enjoyed relatively strong domestic support for her transatlantically-oriented foreign policy agenda. However, as her term progresses, and domestic political tensions mount, she may be more hard-pressed to justify her Atlanticist foreign policy to a public which appears increasingly skeptical of U.S. influence in the world. This report may be updated as needed.
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German Foreign and Security Policy: Trends and Transatlantic Implications

Introduction

German Chancellor Angela Merkel took office in November 2005 promising a foreign policy anchored in a revitalized transatlantic partnership. Since reaching a low point in the lead-up to the Iraq war in 2003, diplomatic relations between the United States and Germany have improved substantially and the bilateral relationship remains strong. During Germany’s six-month presidency of the European Union (EU) in the first half of 2007 and its corresponding G8 presidency, Merkel has distinguished herself both as an advocate for strong U.S.-European relations and as an internationally respected leader within Europe. With recent leadership changes in the United Kingdom and France, and a fragile coalition government in Italy, U.S. officials reportedly view Germany under Chancellor Merkel as a key U.S. ally in Europe. Indeed, despite continuing areas of divergence, President Bush and many Members of Congress have welcomed German leadership in Europe and have voiced expectations for increased German-U.S. cooperation on the international stage.

Merkel is seeking to establish Germany as a partner on the forefront of multilateral efforts to address global security threats. She has made a concerted effort to improve the tone of U.S.-German diplomacy, emphasizing shared values, and the need for broad U.S.-German, and U.S-European cooperation in the face of common security challenges. The Merkel government has sought to increase transatlantic cooperation in areas ranging from economic and trade relations, climate change policy and global counterterrorism and non-proliferation policy, to peacekeeping, reconstruction and stabilization in Afghanistan, the Middle East, Africa, and the Balkans.

Although U.S. and German officials agree that cooperation has increased, fundamental differences remain. Disagreement tends to stem from what many Germans perceive as a U.S. indifference to multilateral diplomacy and standards of international law, and what some in the United States consider a German and broader European inability or unwillingness to take the necessary steps to counter emerging threats. Widespread belief that U.S. policy in Iraq has failed and even exacerbated global security threats appears to be fueling persistently negative German public opinion of U.S. foreign policy, and corresponding skepticism of the exercise of military power. In addition to growing public disapproval of U.S. influence in the world, several other domestic factors could increasingly constrain Merkel as she seeks to implement her Atlanticist foreign policy agenda. These include pressure to focus more aggressively on domestic economic reforms and growing tension within Germany’s “grand coalition” government.
**Current Domestic Context**

Merkel has led a “grand coalition” government of Germany’s two largest political factions, Merkel’s Christian Democratic/Christian Social Union (CDU/CSU) and the Social Democratic Party (SPD), since November 2005. This is only the second time in post-war history that the traditionally opposing parties have ruled together.¹ After setting an electoral goal of 40% for September 2005 federal elections, Merkel and the CDU won 35.2% of the vote — barely one percentage point more than the SPD, and three percentage points less than in 2002 elections. The disappointing electoral showing fueled criticism of Merkel within the CDU. However, public opinion polls suggest that both Merkel and the CDU have since gained favor at the expense of their coalition partners.²

Observers attribute Merkel’s initial and somewhat unexpected popularity to her leadership in foreign policy and to the relatively strong performance of the German economy. Merkel gained high marks from her peers within Europe and beyond during Germany’s six-month presidency of the EU in the first half of 2007 and its corresponding year-long presidency of the G8 group of industrialized economies. In addition, a rise in GDP growth from just under 1% in 2005 to about 2.5% in 2007 has helped bring unemployment down from almost 12% in the first quarter of 2005 to just over 8% at the end of 2007.³ These developments appear to have at least temporarily deflated pressure from within the CDU for Merkel to pursue bolder economic reforms at home.

Largely for these reasons, most observers expect Merkel’s governing coalition to hold until the next scheduled federal elections in 2009. However, events suggest that if the SPD continues to slide in opinion polls, its leaders may increasingly seek to block CDU policy initiatives in an effort to distinguish the party from its coalition partners. Such a political stalemate could revive criticism of Merkel both from the left and from within the CDU, and shift her attention away from pursuing foreign policy objectives to focusing on domestic issues and consolidating her hold on party leadership.

There is also some indication that the SPD may increasingly challenge aspects of Merkel’s foreign policy which have heretofore enjoyed broad bipartisan support. Germany’s Foreign Minister, Frank-Walter Steinmeier of the SPD, has consistently pursued foreign policy initiatives in unison with Merkel’s positions. Nonetheless, differences between the respective parties have emerged on issues such as Turkish membership in the EU, German policy in the Middle East, and more drastically, on German policy toward Russia and the United States. With respect to Russia, both

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¹ Germany’s first grand-coalition government, from 1966-1969, was widely viewed as ineffectual, and many observers have voiced similar expectations for the current government.

² A January 2008 poll conducted by research institute Forsa indicates a 37% approval rating for the CDU and 27% approval for the SPD. *Spiegelonline, die Sonntagsfrage.* URL: [http://www.spiegel.de/politik/deutschland/0,1518,523418,00.html].

coalition parties advocate a “strategic partnership.” However, Merkel appears to favor a harder line than the SPD, and has openly criticized Russian President Vladimir Putin for his treatment of non-governmental organizations and political opponents, and for his increasingly confrontational energy and foreign policy. The SPD is thought to favor a more conciliatory approach to Russia marked by enhanced political and economic engagement.

Some commentators view disagreement within the “grand coalition” on Russia policy as an indication of the potential for broader domestic challenges to Merkel’s Atlanticist foreign policy. The Merkel government’s 2006 national security strategy, or White Paper on German Security Policy, recognizes the transatlantic relationship as the “foundation of Germany’s and Europe’s common security.” However, German public opinion has become increasingly critical of U.S. influence in the world, leading some to suggest that Merkel’s efforts to strengthen relations with the United States could become more of a political liability at home. Perhaps in a reflection of this trend, Merkel has not been reluctant to express her opposition to especially unpopular aspects of U.S. policy such as the incarceration of prisoners at Guantanamo Bay and alleged U.S. extra-judicial “renditions” of detainees in the war on terror. At the same time, Merkel, who has a widely reported deep personal commitment to forging stronger relations with the United States, emphasizes that disagreements on select policy issues should not threaten the overall partnership between the two countries.

**Foundations of German Foreign Policy**

Much of the criticism of U.S. foreign policy voiced in Germany today is grounded in perceived U.S. disregard for multilateral diplomacy and standards of international law — both fundamental tenets of German foreign policy. Since the end of the Second World War, German foreign policy has been driven by a strong commitment to multilateral institutions and a deep-rooted skepticism of expansionist policies and the exercise of military power. In the war’s aftermath, the leaders of the newly established Federal Republic of Germany (West Germany) embraced integration into multilateral structures as a crucial step toward fulfilling two of the country’s primary post-World War II interests: to reconcile with wartime enemies; and to gain acceptance as a legitimate actor on the international stage. To this end,
foreign policy was identified almost exclusively with the Cold War aims of NATO and the European integration project, and a related quest for German unification.

German unification in 1990 and the end of the Cold War represented monumental shifts in the geopolitical realities that had traditionally defined German foreign policy. Germany was once again Europe’s largest country and the Soviet threat, which had served to unite West Germany with its pro-western neighbors and the United States, was no longer. In the face of these radical changes, and conscious of Germany’s newly found weight within Europe and lingering European and German anxiety toward a larger and potentially more powerful Germany, German leaders reaffirmed their commitment to the multilateral process and aversion to military force. The EU, NATO, and the U.N. remain the central forums for Berlin’s foreign, security, and defense policy. Despite the deployment of over 7,000 German troops in internationally-sanctioned peacekeeping, reconstruction, and stabilization missions worldwide, German armed forces operate under what many consider stringent constraints designed to avoid combat situations.

Since the end of the Cold War, German leaders have been increasingly challenged to reconcile their commitment to continuity in foreign policy with a desire to pursue the more proactive global role many argue is necessary both to maintain Germany’s credibility as an ally within a network of redefined multilateral institutions, and to address the foreign and security policy challenges of the post-Cold War, and post-September 11, 2001 era. As one scholar notes, “the tensions, even contradictions, between [Germany’s] traditional ‘grand strategy’ — or foreign policy role concept as a ‘civilian power’ — and a Germany, a Europe, a world of international relations so radically different from what they had been before 1990 have become increasingly apparent.” These tensions are especially apparent in an evolving domestic debate over German national interests.

**Multilateralism As National Interest**

During the Cold War, West German leaders were reluctant to formulate or pursue national interests that could be perceived as undermining a fundamental commitment to the multilateral framework as embodied by the Atlantic Alliance, European Community, and United Nations. West Germany avoided assuming a leading role within these institutions, preferring a low international profile, and seeking to establish a reputation as an “honest broker” with limited interests beyond supporting the multilateral process itself. West German governments did pursue distinct foreign policy goals, chief among them a quest for German unification, but sought to frame these objectives as part of the broader East-West Cold War struggle, rather than as unilateral German interests.

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8 See August Pradetto, “The Polity of German Foreign Policy: Changes since Unification,” in Hanns W. Maull, ed., op. cit.

9 West German foreign policy, particularly toward the Soviet Union, at times diverged from (continued...)
Since unification, German governments have continued to exercise a multilateralist foreign policy. To this end, they have sought to reform and strengthen the EU, NATO, and the United Nations in an effort to improve multilateral responses to emerging security challenges and threats. Through these institutions, Germany pursues a “networked” foreign and security policy focused on intra- and inter-state conflict prevention and settlement, crisis intervention and stabilization, the struggle against international terrorism, and mitigating the proliferation of weapons of mass destruction (WMD). These goals are to be pursued in strict accordance with international law, and with respect for human rights.10 German politicians and the German public generally express strong opposition to international action that is not sanctioned by a United Nations mandate, or that appears to violate human rights standards and/or international law. German law forbids unilateral deployment of German troops, and requires parliamentary approval for all troop deployments. Although German leaders have traditionally treated energy considerations as distinct from foreign and security policy, energy security goals are playing an increasingly important role in German foreign policy, particularly toward Russia and within the European Union.

Germany in the EU and NATO — The “Middle Path”. The EU and NATO are the focal points of German foreign and security policy. Since unification, Germany has asserted itself as a driving force behind the EU’s enlargement eastward, deeper European integration, increased European foreign policy coordination, and the development of a European Security and Defense Policy (ESDP). As Germany’s role within the European Union evolves, its foreign policy is marked by a desire to balance its support for a stronger, more capable Europe, with a traditional allegiance to NATO as the foundation for European security. Chancellor Merkel argues that a more cohesive European foreign, security, and defense policy apparatus will in fact enable Germany and Europe to be more effective transatlantic partners to the United States. Germany consistently supports policies aimed at advancing EU-NATO cooperation. Berlin’s dual commitment to the EU and NATO suggests that it is unlikely to advocate what might be perceived as too strong or independent a role for either organization in the foreseeable future, instead seeking what could be called a middle path of cooperation between the two institutions. That said, some, particularly members of the SPD and supporters of other left-wing political parties, reflect public opposition to U.S. global influence by criticizing German action within NATO which they perceive as too closely aligned with U.S. interests.11

9 (...continued)
the United States and other partners, but never to a degree that it threatened the country’s broader commitment to U.S. and NATO policies. In instances of divergence, West German leaders generally sought to quietly influence policy within multilateral institutions rather than openly confront Western allies.


11 As discussed below, German participation in the U.S.-led counterterrorism campaign in Afghanistan, Operation Enduring Freedom, has been the source of particularly intense debate. See, “Afghanistan splits German parties,” Financial Times, July 5, 2007; and interview with German Foreign Minister Frank-Walter Steinmeier, “‘Successes and
Germany in the United Nations. Since joining the United Nations as a full member in 1973, Germany has supported its development as a cornerstone of a German foreign policy grounded in a commitment to international legitimacy. Today, Germany contributes just under nine percent of the regular U.N. budget, making it the third-largest financial contributor to the U.N. after the United States and Japan. For Germany, the U.N. offers a vital framework to determine and implement international law, and a necessary mechanism through which to sanction international peacekeeping and peacemaking efforts, and efforts to reduce world hunger and poverty, and increase sustainable development.

German governments since the end of the Cold War have supported reform efforts aimed at improving the U.N.’s ability to provide timely and robust peacekeeping missions, avert humanitarian disasters, combat terrorist threats, and protect human rights. Many of these efforts have been resisted by some U.N. members, and the consequentially slow pace of U.N. reform has provoked much criticism, including from leaders in the United States. However, Germany continues to view the U.N. as the only organization capable of providing the international legitimacy it seeks in the conduct of its foreign policy.

An early indication of Germany’s post-Cold War aspirations to assume greater global responsibilities has been its quest for permanent representation on the United Nations Security Council. Former Chancellor Helmut Kohl first articulated Germany’s desire for a permanent U.N. Security Council seat in 1992, and received the backing of the Clinton Administration. Kohl’s successor, Gerhard Schröder, intensified calls for a permanent German seat, but failed to gain international support. In what some consider an indication of the Merkel government’s decision to soften its tone on the international stage, German officials have ceased publicly calling for a permanent German seat. Nonetheless, German government documents state that “Germany remains prepared to accept greater responsibility, also by assuming a permanent seat on the Security Council,” and September 2007 press reports indicate that Merkel has asked President Bush to support a German bid for permanent Security Council representation.

Evolving Domestic Debate. As global security threats have evolved, particularly since the terrorist attacks against the United States on September 11, 2001, German leaders have pursued a more proactive foreign policy. As recently as the early 1990s, German forces were understood to be constitutionally barred from operating outside of NATO territory, and the German foreign policy establishment was cautiously beginning to chart a post-Cold War course for the country. Today,
over 7,000 German troops are deployed worldwide, and Germany plays a leading role in diplomatic initiatives from the Balkans to the Middle East. However, what some consider too rapid a shift in German security and defense policy has led to a growing debate over German national interests and the most appropriate means to realize them.

German politicians have tended to justify increasing troop deployments and a more assertive foreign and security policy by appealing to a long-standing desire both to be considered a credible global partner, and maintain alliance solidarity. Some argue, however, that a foreign policy built largely on the need to assume a “fair share” of the multilateral burden, and on notions of international legitimacy and credibility, has obscured a lack of domestic consensus on more precisely defined national interests. This has become more apparent as German troops are deployed in riskier missions with less clear limits and mandates, such as in Afghanistan or Lebanon. Increasingly, Germans are questioning whether stated goals of alliance solidarity and credibility are worth the risks associated with military deployment; or, indeed, whether such deployments run counter to other German interests such as a commitment to pacifism. In response, calls for “exit strategies” and a more comprehensive accounting of the goals of German foreign policy have grown.

Some analysts and politicians — primarily in conservative political circles — argue that German leaders should be more willing to justify diplomatic and military engagement as satisfying national interests beyond those defined in the multilateral sphere. Others are skeptical, emphasizing what they see as a continued post-World War II obligation to surrender a degree of German sovereignty to such multilateral institutions, and to avoid any action seen as satisfying unilaterally determined German interests. Germany’s grand coalition government includes proponents on all sides of the debate on national interests. The evolving discussion is likely to increasingly influence German policy within the European Union, the Atlantic Alliance, and the United Nations.

Germany in the EU

Germany’s post-World War II and Cold War commitment to the European integration project was grounded in a desire to reconcile with former enemies and spur economic and political development. Since the end of the Cold War, German leaders have used the EU as the primary forum through which to forge a more

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15 For example, Schröder, in arguing for German engagement in Afghanistan, and Merkel, in arguing for German participation in EU and U.N. missions in Congo and Lebanon, both emphasized Germany’s historic obligation to join efforts sanctioned by NATO, the EU, and U.N. Text of parliamentary debates on these missions available in German at [http://www.bundestag.de]; see also Kerry Anne Longhurst, *Germany and the Use of Force*. Manchester: Manchester University Press, 2004.

proactive role for Germany on the international stage. German foreign policy in the early- to mid-1990s was almost singly focused on fostering deeper European integration and EU enlargement to the east. This focus, strongly supported by former President George H.W. Bush, was widely understood as based in a desire to quell fear of a resurgent Germany, and to replicate the benefits of West Germany’s post-World War II integration in central and eastern Europe. Europe’s inability and/or unwillingness to intervene to stem conflicts in the Balkans in the early- to mid-1990s fueled calls within Germany and other European countries for a collective European foreign, security, and defense policy.

To some analysts, Merkel’s predecessor, Gerhard Schröder, embodied a growing German desire to pursue German interests within the EU more assertively. Merkel has continued this trend, also demonstrating a willingness to forge a more proactive role for Germany within Europe. This growing assertiveness has at times put Germany at odds with other EU member states, causing some to question Germany’s long-standing commitment to European unity.

As is the case in several other EU member states, German EU policy under Merkel reflects a much tempered enthusiasm for EU enlargement and skepticism of several aspects of European market integration. On the other hand, Germany advocates deeper European integration in areas ranging from climate change policy to police and judicial cooperation, and has assumed an increasingly significant role in Europe’s Common Foreign and Security Policy (CFSP) and European Security and Defense Policy (ESDP). Germany was a strong proponent of the proposed EU constitutional treaty rejected by French and Dutch voters in 2005, and Merkel used Germany’s EU presidency in the first half of 2007 to forge agreement on the outlines of a new reform treaty aimed at enabling a larger EU to operate more effectively. In a development that leads some analysts to suggest a weakening of the Franco-German partnership long considered the engine of European integration, Merkel has sought to reorient Germany’s EU policy toward its eastern borders to improve relations with many of the EU’s newer member states, all former members of the Soviet bloc.

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17 At the time of German unification, former French President Francois Mitterrand is said to have remarked to U.S. President George H.W. Bush, “I like Germany so much, I think there should be two of them.” Former U.K. Prime Minister Margaret Thatcher is also said to have expressed concerns about German unification. See Bush speech at the German Embassy, Washington, DC, October 3, 2006, [http://www.germany.info/relaunch/politics/speeches/100306_Bush.html]; see also Ulrike Guerot, “Germany and Europe: new Deal or Deja Vu?” Notre Europe, Studies and Research No. 55, November 2006, [http://www.notre-europe.eu].

18 For more information on the EU’s proposed “constitutional reforms” see CRS Report RS21618, The European Union’s “Constitutional” Reforms, by Kristin Archick.

19 German relations with many of some of these states, and particularly Poland, are thought to have suffered markedly during Schröder’s seven years in office due in large part to their support of the Iraq war, and his efforts to strengthen German ties with Russia.
EU Enlargement

Germany was an early and strong supporter of the EU’s eastern enlargement after the Cold War. This support was based largely on the belief that European integration offered an unparalleled mechanism to spread democratic governance and associated values to Germany’s immediate neighbors. While analysts agree that the EU’s eastward enlargement satisfied pressing German interests by bringing stability and democracy to its new eastern borders, the benefits of further enlargement are not so clear to many Germans. An ongoing debate on the EU’s “absorption capacity” highlights possible German concern both about its potentially decreasing decision- and policy-making power within the Union, and growing public pressure to better define Europe’s borders and to reform EU institutions. Calls for curbing further EU enlargement, particularly to Turkey, are especially strong within Merkel’s CDU/CSU political group.

Merkel and others in her party have been careful not to explicitly rule out future EU expansion, particularly to the Western Balkans. However, Merkel has advocated more stringent requirements for new membership, and has advanced proposals for alternatives to full EU membership, especially for Turkey, which she argues could help bring some of the desired political and economic stability to non-EU member states within the European “neighborhood.”

Germany’s position on Turkey’s EU accession process highlights the broader domestic debate on enlargement. According to a 2007 survey, 16% of Germans see Turkish accession to the Union as “a good thing.” Despite the Schröder government’s support of a 2005 EU decision to officially open accession negotiations with Turkey, and despite strong U.S. support for Turkish membership, Merkel and other CDU/CSU members are said not to favor Turkey’s entry to the EU. Merkel does not explicitly voice such opposition; but she is viewed as at best skeptical, and has advocated imposing relatively vigilant benchmarks and timetables for Turkey’s accession process. Merkel and others in her party have also proposed offering Turkey a “privileged partnership” with the EU as an alternative to full membership. Despite a persistently skeptical public, the SPD supports Turkey’s efforts to accede to the EU, and continues to view further EU enlargement favorably.

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20 The Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia joined the EU in May 2004; Bulgaria and Romania in January 2007. For more information on EU enlargement see CRS Report RS21344, European Union Enlargement, by Kristin Archick and Julie Kim.


23 A May 2007 Eurobarometer survey reports that 34% of Germans favor further EU enlargement. This is 8% less than in 2005. See Eurobarometer 67, June 2007, [http://ec.europa.eu/public_opinion/index_en.htm].
Disagreement within the governing coalition on Turkey’s EU membership suggests that neither party will seek decisive action on the issue before German federal elections in 2009. Nonetheless, public opinion in Germany and across Europe indicates that any and all future proposed enlargements would be the subject of intense scrutiny and debate.

**Common Foreign and Security Policy (CFSP) and Relations with Russia**

German leaders have supported and increasingly sought to influence the development of the Union’s evolving Common Foreign and Security Policy (CFSP). In some areas, for example Middle East policy, Germany’s growing role has been welcomed both within Europe and by the United States. In others, such as relations with Russia, Germany’s position has elucidated and even inflamed disagreements within the Union. Although it continues to emphasize the importance of EU-wide consensus on foreign policy issues, Berlin has exhibited what some consider a growing willingness to pursue independently defined foreign policy interests both within and outside the EU framework, even at the expense of European or transatlantic unity.

Germany’s pursuit of close bilateral relations with Russia has prompted some analysts to question Berlin’s commitment to fostering European unity in foreign and security policy matters. Close German-Russian relations have their modern roots in the 1960s and 1970s when German leaders increased diplomatic and economic engagement with the Soviet Union and other Eastern Bloc countries in an effort to improve relations with and conditions in East Germany. Since the end of the Cold War, Germany has consistently sought to ensure that Russia not feel threatened by EU and NATO enlargement. Germany continues to prioritize relations with Russia. Today, Germany is Russia’s largest trading partner, and relies on Russia for close to 40% of its natural gas and 30% of its crude oil needs.\(^{24}\)

Some argue that Germany’s dependence on Russian energy resources and its pursuit of bilateral agreements to secure future energy supplies has threatened broader European energy security and undermined the EU’s ability to reach consensus on energy matters. The EU’s newer member states in central and eastern Europe have been especially critical. Polish, Lithuanian, and other leaders take particular aim at a German-Russian gas pipeline agreement negotiated by former Chancellor Schröder, and point to Russia’s subsequent manipulation of gas and oil supplies flowing to Europe in early 2006 and 2007 as evidence of Russia's ability to use its energy wealth to divide Europe.\(^{25}\)

\(^{24}\) On average, EU member states import about 30% of their natural gas and 25% of their oil from Russia.

\(^{25}\) Within three months of leaving office in 2005, Schröder accepted a position with Russian energy concern Gazprom as board chairman of Nord Stream AG, the German-Russian gas pipeline project he negotiated while in office. For more information see, “Schröder joins Gazprom pipeline group.” *Financial Times*, December 9, 2005; and “Schröder’s New Gig Causes Trouble at Home,” *Stratfor*, March 30, 2006.
Since taking office, Merkel has made a concerted effort to improve ties with Germany’s eastern neighbors, seeking, among other things, to reassure them that Germany’s close bilateral relations with Russia should not be viewed as a threat to European unity or security. While most have welcomed Merkel’s efforts, German-Polish relations continue to be marked by disagreement on a variety of issues, including Germany’s close ties to Russia. Merkel advocates a “strategic partnership” with Russia — both for Germany and the EU — based on mutual trust and cooperation. Negotiating a new EU-Russia Partnership and Cooperation Agreement was one of Germany’s primary goals during its EU presidency in early 2007. However, Merkel allowed negotiations to collapse in May 2007 when faced with strong Polish opposition, and apparent Russian intransigence. Some observers and eastern European leaders took this as an important affirmation of Merkel’s commitment to European unity in foreign policy.

As noted earlier, Merkel is seen by some as taking a harder line on Russia than her predecessor Schröder, a position attributed at least in part to her background as a former citizen of East Germany. Nonetheless, divisions within Germany’s governing coalition over how to engage Russia, and the strong historical, economic, and energy ties between the two countries lead analysts to suggest that Germany is likely to continue to seek what could become an increasingly tenuous middle path between Russia and some of the EU’s newer member states.

German leaders on both sides of the governing coalition continue to affirm their commitment to a strong CFSP. Germany has played a leading role in forging a common EU approach to a range of international issues, including the question of Kosovo’s future status, the Israeli-Palestinian conflict, the Iranian nuclear program, and policy in Africa and central Asia. In advocating common EU positions on these and other issues, Germany emphasizes the importance of EU-wide consensus, at times demonstrating a willingness to alter national goals for the sake of European unity. However, Germany’s pursuit of bilateral energy agreements with Russia signals what could be considered both growing assertiveness within Europe in certain areas, and frustration with what many consider a cumbersome EU foreign policy-making apparatus.

**European Security and Defense Policy (ESDP)**

Germany has become a strong supporter of a European Security and Defense Policy (ESDP) — or European defense arm — as a means for EU member states to pool defense resources and work collectively to counter emerging security threats. German and European backing for ESDP arose during the mid-1990s as Europeans proved unable and/or unwilling to respond militarily to conflicts in the Balkans.

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26 For more information on Poland see CRS Report RS22509, *Poland: Background and Trends of the Kacynski Government*, by Carl Ek.


German support has grown since the terrorist attacks of September 11, 2001, and is increasingly driven by an emphasis on boosting civilian crisis management and police training capacity. Germany contributes military and security personnel to ESDP missions in Bosnia and Afghanistan, two of six civilian crisis management, police, and military operations currently overseen by the EU. Germany has also committed troop support for four of the EU’s 13 new rapid-response Battlegroups, each made up of roughly 1,500 soldiers ready for deployment within 10 days of an EU decision to launch operations.

Merkel is particularly careful to cast ESDP as a complement to, not substitute for, NATO. To this end, Germany has advocated formal agreements between NATO and the EU aimed at preventing the duplication of NATO structures, such as the so-called “Berlin Plus” agreement, which allows the EU to use NATO assets and capabilities for EU-led operations in which, “the alliance as a whole is not engaged.” Nevertheless, some U.S. critics (including some Members of Congress) remain concerned that ESDP could ultimately usurp NATO’s role and weaken U.S. influence in Europe.

**European Leadership and Franco-German Relations**

A historically strong Franco-German partnership has widely been considered the driving force behind European integration. As two of the EU’s largest and most prosperous member states, Germany and France continue to work closely to advance joint interests within the EU. However, the EU’s eastward expansion over recent years has both diminished collective Franco-German decision-making power within the Union and compelled Merkel to shift diplomatic focus to managing relations with Germany’s eastern neighbors. In directing German EU policy eastward, Merkel reportedly hopes to restore Germany’s credibility as a reliable partner with newer member states. Many analysts believe that Schröder’s and former French President Jacques Chirac’s pursuit of stronger relations with Russia, and their criticism of those EU member states that supported the 2003 U.S.-led invasion of Iraq, fueled harmful divisions between what former Secretary of Defense Donald Rumsfeld once famously dubbed “old” and “new” Europe.

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29 EU police training and border crossing missions in the Palestinian territories, and a police training mission in Iraq each consist of fewer than 100 personnel. The police training mission launched in Afghanistan under German leadership in June 2007 is to consist of up to 200 police trainers. For more information on ESDP and ESDP missions, see [http://www.consilium.eu.int/cms3_fo/showPage.asp?id=268&lang=EN].

30 As of January 2007, the EU has the capacity to conduct two concurrent Battlegroup operations. For more information see “Factsheet: EU Battlegroups,” EU Council Secretariat, February 2007, [http://www.consilium.europa.eu/cms3_fo/showPage.asp?id=261&lang=en].

31 For more information on ESDP and EU-NATO links see CRS Report RL32342, *NATO and the European Union*, by Kristin Archick and Paul Gallis.

32 Guerot, op. cit.
Neither Merkel nor France’s new president, Nicolas Sarkozy, appears to share as strong an ideological commitment to the EU as most of their predecessors, and each espouses what many consider a more pragmatic approach to EU policy. As German policy within the EU has become focused on its eastern borders, France has sought to invigorate EU policy in the Mediterranean. While both appear eager to implement economic reforms aimed at increasing Europe’s global competitiveness, each has also displayed a willingness to protect national interests and industries, particularly in the energy sector. Merkel and others in her government have expressed particular concern about Sarkozy’s reported desire to increase political governance of EU economic policy, and of his plans to introduce domestic tax cuts, which would likely prevent France from meeting EU-wide deficit-reduction targets.33

Analysts and European diplomats cite these policy differences as evidence of the decreasing influence a Franco-German partnership will have within an EU of 27 or more member states. Others note that Merkel and Sarkozy’s more pragmatic approach to the Union and their emphasis on increasing the EU’s economic competitiveness, and fostering a more outward-looking EU could present an opportunity for improved relations with the United Kingdom (U.K.), and its new leader Gordon Brown. Brown, Merkel, and Sarkozy are often touted as a new generation of European leaders with the potential to reinvigorate the EU politically and economically. However, while they appear to share an enthusiasm for a more dynamic Union, differences on specific policy issues, including enlargement, economic liberalization, and constitutional reform could ensure that long-standing divisions between Germany and France and the more Euroskeptic U.K. persist.

**Evolving Security and Defense Policy**

Perhaps the most profound change in German foreign and security policy since the end of the Cold War is Germany’s deployment of troops outside NATO territory for the first time since World War II. Since a 1994 Constitutional Court ruling enabled German leaders to deploy troops abroad, Germany has participated in a number of U.N.- and NATO-sanctioned combat, peacekeeping, reconstruction and stabilization missions, and today, over 7,000 German soldiers are deployed in missions ranging from NATO’s stabilization force in Afghanistan (ISAF) to the U.N. Mission in Lebanon (UNIFIL). However, Germans are increasingly questioning the grounds for what many believe has been too rapid a shift in German defense policy. One German security policy expert categorizes the evolving defense policy debate as evidence of “a widening gap between Germany’s institutional commitments and official defense posture, and the country’s readiness to deal with the practical military consequences of these developments.”34 Some observers point out that while German politicians have consistently voiced support for more robust collective European and NATO defense capabilities, budget allocations in the foreign and

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34 Overhaus, op. cit.
defense policy sectors have decreased by about 40% in real terms since their peak in the late 1980s.\textsuperscript{35}

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<thead>
<tr>
<th>Current German Troop Deployments*</th>
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<td>Afghanistan/ Uzbekistan (NATO - ISAF)</td>
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<td>Kosovo (NATO - KFOR)</td>
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<td>Lebanon (U.N. - UNIFIL)</td>
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<td>Ethiopia (U.N. - UNMEE)</td>
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<td><strong>TOTAL</strong></td>
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* As of June 2007

**Source:** German Defense Ministry

In the early 1990s, public opposition and constitutional constraints prevented Germany from offering more than financial support to multilateral combat and peacekeeping efforts in the Persian Gulf and in the Balkans. Germany’s inability to deploy troops to missions supported by many of its leaders led to the landmark 1994 Constitutional Court ruling, which determined that German troops could be deployed abroad, but only under a U.N. mandate and with the prior approval of the German parliament. This paved the way for Germany’s participation in its first combat mission since the Second World War — NATO’s 1999 air campaign to prevent ethnic cleansing in Kosovo.\textsuperscript{36} Considerable domestic opposition to German participation in the Kosovo mission was based largely on the contention that Germany’s history obligated it to refrain from all military intervention. In response, then German Foreign Minister Joschka Fischer, a member of the traditionally pacifist Green Party, successfully argued that German history, in fact, obligated Germany to intervene — militarily, when necessary — to stop atrocities similar to those perpetrated by Germany during the Second World War.

Fischer’s argument set the precedent for Germany’s growing participation in so-called humanitarian interventions, mostly in the form of U.N. and NATO peacekeeping and reconstruction and stabilization missions, worldwide.

Today, Germany’s global threat assessments mirror those of many of its EU and NATO partners, including the United States. The government identifies terrorism, proliferation of weapons of mass destruction (WMD), regional conflicts and failed states, transnational crime, energy security, migration, and epidemics and pandemics


\textsuperscript{36} That NATO’s 1999 air campaign against Serbia lacked a U.N. mandate caused considerable dispute as to the legal basis for Germany’s involvement. The U.N.’s subsequent endorsement of NATO’s peacekeeping mission, KFOR, resolved remaining challenges.
as the primary security threats facing Germany and its EU and NATO allies. However, Germany’s approach to countering these threats is often perceived to be at odds with U.S. policy. Germany highlights the importance of a multilateral approach within the confines of a strengthened system of international law. Germany’s 2006 White Paper on security policy emphasizes the importance of non-military means to combat threats to security, arguing for a strong civilian role in all aspects of defense policy. While Germany views terrorism as a primary threat, it does not refer to a war on terrorism, and underscores the need to address root causes of terrorism through development and other policies. The government does not completely rule out military engagement to combat terrorism, but does downplay this option.

**Germany in NATO**

The Merkel government’s 2006 White Paper on security policy asserts that “the transatlantic alliance remains the bedrock of common security for Germany and Europe. It is the backbone of the North Atlantic Alliance, which in turn is the cornerstone of German security and defense policy.”\(^{37}\) Along with the United States, Germany was one of the first proponents of NATO expansion as an initial step in the Alliance’s post-Cold War transformation. Since then, Germany has backed efforts to transform the Alliance to respond to post-Cold War and post-September 11, 2001 global security threats and engage in “out-of-area” missions. German policy within NATO and its relations with its NATO allies are influenced by several factors which have caused, and may continue to cause, tension within the Alliance. One factor concerns U.S. leadership within NATO, and the degree to which the United States, Germany, and other European allies continue to share a strategic and operational vision for the Alliance. A second factor concerns Germany’s ability to undertake the security and defense policy reforms many, particularly in the United States, believe are necessary for Germany to meet its commitments to an evolving Alliance that is expected to increasingly engage in “out-of-area” missions.

Over 3,000 German troops contribute to NATO’s International Security Assistance Force (ISAF) in Afghanistan, and about 2,000 soldiers serve in NATO missions in Kosovo and the Mediterranean Sea. German participation in ISAF — NATO’s largest and most significant mission — has sparked considerable domestic debate over national defense policy, and has fueled tension between Germany and some of its NATO allies. Approximately 2,900 German soldiers are stationed in Afghanistan’s relatively safe northern region, where they lead two Provincial Reconstruction Teams (PRTs), one in Kunduz and one in Feyzabad.\(^{38}\) In a February 2007 decision reportedly opposed by 77% of the German public, the German parliament (Bundestag) approved the deployment of six Tornado reconnaissance jets,


\(^{38}\) ISAF’s 25 Provincial Reconstruction Teams are joint military-civilian operations designed to strengthen the Afghan government’s authority in the provinces, and support stabilization and reconstruction efforts throughout the country. For more information on PRTs see CRS Report RL33627, *NATO in Afghanistan: A Test of the Transatlantic Alliance*, by Paul Gallis.
and 200 support soldiers to less stable southern Afghanistan. The jets are not to be used to directly support combat troops or attack ground positions, but solely to provide reconnaissance. The Bundestag has also sanctioned up to 100 special forces to work against remaining Al Qaeda elements alongside U.S. forces throughout Afghanistan in the U.S.-led counter-terror Operation Enduring Freedom (OEF). The Foreign Ministry reports, however, that German soldiers have not participated in OEF in Afghanistan for at least the past two years.

Despite having the third largest troop contingent in Afghanistan, Germany has faced pointed criticism, particularly from the United States, for “national caveats” which prevent its soldiers from being deployed to Afghanistan’s more dangerous southern region. The German response is generally twofold. First, German officials claim that strong public opposition to military engagement and to U.S. policies in Afghanistan leave legislators no other choice but to impose such caveats. In November 2006, Merkel is said to have urged President Bush to resist making public calls for Germany to ease restrictions on its forces for fear that perceived links between U.S. interests and German decisions would limit her ability to act in a manner perceived as favorable to the United States. Second, German officials increasingly claim that NATO is overly focused on military action and must devote more resources to civilian reconstruction. To this end, German leaders have expressed a willingness to increase financial assistance for development projects in southern Afghanistan.

Some in Germany argue that U.S. policy in Afghanistan indicates a broader U.S. reluctance to view NATO as a credible collective security mechanism. In particular, critics cite the U.S. decision to lead an initial “coalition of the willing” in Afghanistan in 2001 — despite the invocation of NATO’s Article 5 collective defense clause — as evidence that the United States prefers to use NATO as a tool box through which to realize independently defined U.S. interests, rather than as a legitimate multilateral forum to define interests collectively. In a reflection of this sentiment, some German politicians, including SPD Chairman Kurt Beck, have

41 For more information on “national caveats,” and NATO in Afghanistan, see CRS Report RL33627, op. cit.
42 Interviews of Bundestag officials, December 2006.
44 On September 12, 2001, Germany joined its NATO allies in moving to invoke NATO’s Article 5 collective defense clause; in November, 2001 German Chancellor Schröder received parliamentary approval to make up to 3,900 German troops available to the U.S.-led Operation Enduring Freedom. Opposition to the U.S. decision to lead a “coalition of the willing” outside the NATO framework compelled Schröder to tie the parliamentary vote to a vote of confidence in his government. See Longhurst, op. cit. pp. 82-90; interviews of NATO and German officials, December 2006, and May 2007.
called for an independent European army with a single European command. Some analysts and U.S. officials counter that the United States has essentially been forced to rely on “coalitions of the willing” because many of its NATO allies, including Germany, lack the military capacity to justify NATO- rather than U.S.-led missions.

Germany has backed NATO efforts to reassess the Alliance’s collective defense strategy and to develop the capacity to more effectively respond to emerging threats. In signing on to the Alliance’s 1999 Defense Capabilities Initiative (DCI) and 2002 Prague Capabilities Commitment (PCC), Germany committed to focus national defense procurement practices on specifically defined areas, including strategic air and sea lift. Most agree that meeting these commitments will require Germany and other allies to increase overall defense spending, modernize procurement priorities and procedures, and reduce personnel costs. However, German defense spending has declined steadily since 1991, and by most accounts, Germany has been slow to realign its spending priorities to reflect its NATO commitments. NATO’s agreed-upon defense spending target for Alliance members is 2% of GDP. While the NATO average is about 2.2%, German defense spending in 2006 represented about 1.4% of GDP.

**Force Transformation and Bundeswehr Reform**

The changing security environment of the post-Cold War and post-September 11, 2001 era has fueled calls for military modernization and structural defense reform. As a condition of the 1990 “Two plus Four Treaty” between the post-World War II occupying powers (France, Great Britain, the Soviet Union, and the United States) and West and East Germany, which restored Germany’s full sovereignty over security matters, Germany agreed to reduce its total troop numbers from 500,000 to under 370,000. Since then, Germany has sought to transform its defense forces in order to meet NATO and ESDP targets — specifically, to be able to contribute to the NATO Response Force (NRF) and EU Battlegroups. To meet these goals, Germany aims to reform its force structure to include 35,000 troops for high intensity, short duration crisis intervention operations; 70,000 for longer duration crisis stabilization operations; and support forces of 147,500. According to the 2006 White Paper on security policy, such a restructuring could enable Germany to expand its current deployment capabilities to simultaneously deploy 14,000 troops in two

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47 The NRF is a rapid response force of up to 25,000 NATO troops able to deploy to Article 5 (collective defense) or non-Article 5 crisis response operations within five days’ notice. The NRF was created as the result of a 2002 proposal by former U.S. Secretary of Defense Rumsfeld. For more information, see [http://www.nato.int/issues/nrf/index.html].
larger scale or five smaller scale operations. As mentioned above, just over 7,000 troops are currently deployed worldwide.

Observers generally commend Germany’s stated intention to transform its military to meet EU, NATO and U.N. commitments, but point to substantial gaps between stated goals and actions taken. Other than to say “there is no room for further reductions in spending,” Germany’s 2006 White Paper does not address funding mechanisms. German government officials have long appeared skeptical about the prospects for meaningful increases in defense spending. Some express confidence, however, that a realignment of spending priorities and increased EU-wide cooperation could bring the country closer to realizing its defense priorities.48

In addition to stagnant defense spending, many security policy experts, including members of a 2000 high-level commission on Bundeswehr reform, argue that Germany’s continued adherence to mandatory military service, or conscription, represents a significant impediment to meaningful reform. These critics call for a voluntary, fully professional force, arguing that the operational constraints placed on conscripts — they can only be deployed abroad on a volunteer basis — lead to significant operational deficiencies in the armed services. While conscription is suited for defense of national territory, they argue, it impedes Germany’s ability to meet its peacekeeping and stabilization obligations abroad by wasting scarce financial resources to fulfill outdated security goals. In 2000, the government reduced the number of conscripts from 130,000 to about 70,000. However, support for conscription remains strong among members of the CDU and some in the SPD. Strong CDU support, based largely in a historically-rooted anxiety about the dangerous potential of a professional army like Hitler’s Wehrmacht, indicates that reforms are unlikely during the remainder of Merkel’s term. However, the SPD has joined Germany’s opposition parties in calling for at least a partial end to conscription.49

Transatlantic Implications

For some, the end of the Cold War, Germany’s growing assertiveness within the European Union and corresponding enthusiasm for European integration, and more recently, German opposition to the 2003 U.S.-led war with Iraq, all symbolize increasing divergence in U.S.-German relations. However, the countries continue to cooperate in pursuit of common foreign and security policy goals, and share robust bilateral investment and trade relations. Under Merkel’s leadership, Germany seeks to bolster U.S.-German and U.S.-EU trade and investment ties, and works closely with the United States on counterterrorism policy, and on a range of foreign policy issues. U.S. Administration officials and many Members of Congress have welcomed the Merkel government’s commitment to a foreign and security policy anchored in NATO and the transatlantic relationship, and have expressed confidence

in Merkel’s ability to improve U.S.-German and U.S.-European cooperation on the world stage. U.S.-German bilateral relations remain strong, anchored not only by deep economic ties, but by a shared commitment to democratic values. Germany, the European Union, and the United States share similar global security threat assessments, and cooperate closely to mitigate these threats, whether in the struggle against international terrorism, through NATO efforts to combat the Taliban and strengthen the Afghan government, or in pursuit of a two-state solution to the Israeli-Palestinian conflict.

Looking forward, several overarching features of Germany’s evolving foreign and security policy stand to shape U.S.-German relations. These include Germany’s commitment to international institutions, international law, and the multilateral framework; its deep-rooted aversion to the exercise of military force; strong public opposition to U.S. influence in the world; and a potentially widening gap between the foreign policy ambitions of some in Germany’s political class and the German public. In addition, ongoing domestic debate over approaches to German national interests and what many consider too rapid a shift in defense policy could increasingly influence German foreign and security policy decisions.

German politicians question, and at times openly oppose, aspects of U.S. foreign and security policy they view as lacking multilateral legitimacy, and/or as being overly dependent on the exercise of military force. On Middle East policy, for example, Merkel has urged the United States to diplomatically engage the leaders of Syria and Iran in order to initiate a region-wide effort to address the Israeli-Palestinian dispute and the future status of Iraq. Germany’s strong commitment to a unified international front in dealing with Iran suggests it is more willing to accept compromises in exchange for Security Council unanimity than to take unilateral measures in the face of Chinese or Russian opposition. As U.S., German, and European leaders consider increased cooperation to stem global security threats and to promote stability, democracy, and human rights in regions from Africa to central Asia, Germany will likely continue to uphold its commitment to the multilateral process. Germany has criticized what many perceive as U.S. indifference to international institutions, and has consistently urged U.S. Administrations to join the International Criminal Court and U.N.-sanctioned climate change treaties such as the Kyoto Protocol.

Recent developments suggest that German leaders will remain both reluctant and hard-pressed to justify increased German military engagement abroad to a persistently skeptical public, even within a NATO or EU framework. Germany’s 2006 White Paper on national security indicates that Germany could increasingly emphasize the importance of civilian components to multilateral peacekeeping, stabilization and reconstruction missions, and that it will work within NATO and the EU to bolster such capacities. At the same time, trends in German defense spending,

50 The German Marshall Fund of the United States’ 2006 Transatlantic Trends survey reports that 22% of Germans would support sending military forces to help democracy by removing an authoritarian regime in which “there is no political or religious freedom;” in 2007, 21% either agreed strongly or agreed somewhat with the statement that “under some conditions, war is necessary to obtain justice.” Transatlantic Trends Topline Report, September 2006, and September 2007, [http://www.transatlantic trends.org].
and the relatively slow pace of German defense reform highlight what many consider a notable discrepancy between articulated foreign policy goals and action taken to realize these goals.

Germany’s ongoing debate on military participation in Afghanistan has exposed a lack of domestic consensus on the goals and limits of German foreign and security policy. Specifically, Germans appear wary of linking reconstruction and development efforts with combat operations. Until now, Merkel and the Bundestag have argued that German participation in Afghanistan be focused on reconstruction and stabilization efforts. However, as the distinction between development work and combat operations becomes increasingly unclear, especially under unstable security conditions, Germans have begun to re-examine the nature and effect of German military engagement both in Afghanistan and elsewhere. Ensuing calls for a reassessment of the grounds for and rules of military engagement stand to further shape Germany’s ability to partner with its allies in multilateral missions worldwide.

Germany appears poised to continue to seek a “middle path” between NATO and the EU, promoting the development of an independent European foreign and defense policy as a complement, rather than counterweight to NATO. Successive U.S. Administrations have supported ESDP as a means to enhance European defense capability and interoperability, but Washington has also insisted that EU defense policy be tied to NATO. To this end, U.S. leaders have consistently opposed calls from some in Europe for an independent EU defense identity that could function as a counterweight to the Alliance, and have welcomed Merkel’s renewed emphasis on NATO-EU links. While Germany remains committed to NATO as the pillar for European security, some Germans openly question U.S. leadership in NATO, and a perceived U.S. preference to pursue independently defined national interests within the Alliance rather than to define and pursue the collective interests of the Alliance.

Domestic political considerations and German public opinion could continue to play a key role in shaping U.S.-German relations, particularly for the remainder of the Bush presidency and until Germany’s scheduled federal elections in 2009. Low public opinion of United States foreign policy indicates that Merkel could be more hard pressed to justify her Atlanticist orientation as her term progresses. The degree to which current German dissatisfaction with U.S. influence in the world is linked directly to President Bush and his Administration is unclear. However, some German politicians and other government officials expect German opinion of U.S. policy to improve after Bush leaves office.51 That said, Berlin is likely to continue to react skeptically to foreign policy actions it perceives as unilateral and lacking international legitimacy regardless of who succeeds Bush in the White House.

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Economic Ties

Germany’s export-based economy is the world’s third largest and Europe’s largest. The United States is Germany’s second largest trading partner and total bilateral trade, worth more than $89 billion, is growing steadily. U.S. exports to Germany in 2005 were worth about $49.6 billion, consisting primarily of aircraft, and electrical and telecommunications equipment. German exports to the United States — primarily motor vehicles, machinery, chemicals, and heavy electrical equipment — totaled about $79.2 billion in 2005. The United States is the number-one destination for German foreign direct investment (FDI); 17% of all U.S. FDI is in Germany.

In what some considered an effort to shift attention from the more controversial aspects of U.S.-European relations, Chancellor Merkel used Germany’s EU presidency during the first half of 2007 to advance initiatives to deepen transatlantic economic ties. Her efforts led to the April 2007 adoption of a Framework for Advancing Transatlantic Economic Integration and the formation of the Transatlantic Economic Council (TEC). The TEC, headed by a Cabinet-level official in the president’s office (currently Director of the National Economic Council, Allan Hubbard), and a member of the European Commission (currently Commission Vice President for Enterprise and Industry Guenter Verheugen), is charged with identifying opportunities to increase transatlantic economic and trade and integration, with a particular focus on increasing regulatory harmonization and reducing non-tariff barriers to trade. At an April 2007 summit, Merkel and President Bush identified the following areas as initial focal points for regulatory harmonization: industry standards; intellectual property; energy and environment; and financial markets. Despite Merkel’s effort to bring higher political commitment to deepening U.S.-European economic and trade integration, some analysts contend that formidable obstacles remain, including U.S.-European regulatory differences in areas such as health safety and environmental protection. On the other hand, German-U.S., and U.S.-European trade and economic ties remain robust, characterized more by growing convergence than by disagreement.

Counterterrorism Cooperation

Most observers consider U.S.-German cooperation in the fight against terrorism to be close and effective. Since discovering that three of the hijackers involved in the

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52 Information in this section from U.S. Department of State, “Background Note: Germany,” February 2007.
September 11, 2001 attacks on the United States lived and plotted in Germany, the German government has worked closely with U.S. and EU authorities to share intelligence. Germany has identified radical Islamic terrorism as a primary threat to German national security, and has passed a number of laws aimed at limiting the ability of terrorists to live and raise money in Germany.55 In June 2007, Germany’s Interior Minister Wolfgang Schäuble (CDU) proposed a series of domestic counterterrorism initiatives including for increased computer surveillance, and domestic military deployment in the event of a terrorist attack. Schäuble’s proposals have sparked considerable debate in Germany, where personal privacy and individual civil liberties are strictly guarded, and where domestic military deployment is barred by the constitution.

Domestic support for Schäuble’s proposals stands to increase following the September 2007 arrest of two German citizens and a Turkish resident in Germany accused of plotting what German investigators say could have been one of the deadliest attacks in European postwar history. According to German and U.S. intelligence officials, the suspected terrorists planned to target U.S. citizens. German authorities are reported to have collaborated closely with U.S. intelligence agencies in foiling the plot, with Homeland Security Secretary Michael Chertoff saying that intelligence cooperation between the two countries is “the closest it’s ever been.”56 Discovery of the September 2007 terrorist plot has elevated concern in Germany about the possibility of future attacks, with some predicting greater support for antiterrorism measures as proposed by Merkel and Schäuble. At the same time, others see the planned attack as designed to raise pressure for a pullout of German troops from Afghanistan, and expect calls for an end to German engagement in that country to increase.57

Though it cooperates with the United States in the Bush Administration’s “Global War on Terror,” Germany does not consider the effort a war, referring rather to a “struggle against international terrorism.” German officials stress the importance of multilateral cooperation and adherence to international law in combating terrorism. Like the United States, Germany advocates a comprehensive U.N. antiterrorism convention. Germany has urged President Bush to close the U.S. prison for terrorist suspects at Guantanamo Bay, Cuba, which it views as violating rights guaranteed to “prisoners of war” under the Geneva Conventions, and has been critical of alleged abuses of prisoners in Iraq and Afghanistan by U.S. forces.

German and European parliamentary investigations into alleged CIA “renditions” of German nationals suspected of membership in terrorist organizations have sparked calls in Germany for a re-examination of U.S.-German counterterrorism cooperation. In January 2007, the District Attorney’s office in Munich issued arrest warrants for 13 suspected CIA operatives alleged to have abducted German citizen

Khaled al-Masri in Macedonia in 2003, and to have subsequently imprisoned and tortured him in Afghanistan. German officials claim to have been unaware of the Al-Masri abduction. However, related investigations suggest that high-level German officials were aware of the alleged post-September 11, 2001 CIA abduction and subsequent imprisonment of German citizen Mohammed Haydar Zammar and German-born Turkish citizen Murat Kurnaz.

The Middle East

Germany, along with other European countries, believes the Israeli-Palestinian conflict lies at the root of many of the challenges in the Middle East. Since taking office, Merkel has promised continuity in a German Middle East policy based on a commitment to protect Israel’s right to exist; support for a two-state solution to the Israeli-Palestinian conflict; a commitment to a single EU-wide framework for peace; and a belief that U.S. engagement in the region is essential. Germany has been active in international negotiations aimed at curbing Iran’s nuclear ambitions and, despite continuing to rule out a German troop deployment to Iraq, some German leaders have indicated a willingness to increase German support for Iraqi reconstruction efforts and initiatives to train Iraqi security forces.

The Israeli-Palestinian Conflict and Lebanon. Since Germany’s historic October 2006 deployment of close to 900 German troops to the Lebanese coast as part of an expanded U.N. mission in Lebanon (UNIFIL), Merkel and Steinmeier have increased their calls for revived U.S. and Quartet (the EU, Russia, the U.N., and the United States) engagement in the Israeli-Palestinian peace process. While Germany has welcomed past power-sharing agreements between Palestinian factions, it remains opposed to negotiations with governments that include the recognized terrorist group Hamas, and it continues to emphasize its commitment to the Quartet conditions for relations with such a government.

Although U.S. officials appear to welcome increased German engagement in the region, the United States has expressed disapproval of German efforts to engage Syria in the Arab-Israeli peace process, and has reacted skeptically to German-supported proposals to link the resolution of other major disputes in the region to the Israeli-Palestinian peace process. For their part, German officials argue that constructive dialogue with Syria is essential to achieving stability in Lebanon and cooperation from Hamas in resolving the Israeli-Palestinian conflict. German Foreign Minister Steinmeier met with Syrian Foreign Minister Walid -al-Muallim in

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58 The German government has since decided not to pursue the arrest warrants, announcing in September 2007 that it will not seek extradition of the American suspects.


60 For more information see CRS Report RL33808, Germany’s Relations with Israel: Background and Implications for German Middle East Policy, by Paul Belkin.

61 The conditions stipulated by the Quartet are recognition of Israel’s right to exist, renunciation of terrorism, and acceptance of previous Israeli-Palestinian agreements.
Berlin in January 2008. Steinmeier said he urged his counterpart to cease support for Hezbollah fighters in Lebanon and use his leverage over Hamas to pressure its officials to cooperate in the peace process. Merkel, who has criticized Syria for a perceived unwillingness to cooperate in the peace process, publicly opposed Steinmeier’s decision to host al-Muallim.62

**Iraq.** Although Germany continues to rule out a troop deployment to Iraq, it has trained Iraqi police and armed forces in the United Arab Emirates (UAE), contributed funding for civilian reconstruction and political reconciliation, and, at the behest of the United States, agreed to write off 80% of Iraq’s foreign debt along with other members of the Paris Club.63

Germany’s coalition government has endorsed a “comprehensive diplomatic initiative” to the ongoing conflict in Iraq, and has expressed support for an international conference on Iraq that would include discussion of other disputes in the region.64 In a December 2006 meeting, Secretary of State Condoleezza Rice reportedly reacted skeptically to Steinmeier’s proposal for German assistance for such an initiative.65 German officials consistently assert that stability in Iraq is in Germany’s interest, and some voice concern about the ramifications for Germany and Europe of a potentially swift withdrawal of U.S. forces.66 Although some politicians have accordingly expressed a willingness to increase German funding for reconstruction and police and military training efforts, most appear disconcerted by what they perceive as an Administration decision to forgo most of the Iraq Study Group recommendations. Germans, like many in Europe, are skeptical of the Bush Administration’s current “surge” in Iraq, and favor engaging Iran and Syria in forging a regional approach focused on achieving political reconciliation in Iraq.

**Iran.** As a member of the so-called EU-3 (France, Germany and the United Kingdom), Germany has been a proponent of EU and multilateral efforts to prevent Iran from developing nuclear weapons, and was an architect of U.N. Security Council resolutions imposing limited sanctions on Iran for the failure to comply with U.N. requirements regarding its nuclear program. Although German leaders have been cooperative in efforts to forge an international consensus on more stringent economic sanctions in the face of continued Iranian obstinance, Germany continues to resist cutting civilian commercial ties with Iran, and has appeared particularly reluctant to curb export credit guarantees. Merkel has consistently opposed a military response to the crisis.

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63 The Paris Club is an informal group of 19 creditor nations that seeks to alleviate payment difficulties facing debtor nations.


66 Conversations with German officials and Bundestag members, December 2006 - September 2007.
German-Iranian trade in 2005 was valued at close to $6 billion, making Germany Iran’s second largest European trading partner after Italy, and Germany’s Central Bank reportedly holds Iranian assets worth about $9.1 billion (6.55 billion euros). The United States Treasury Department has urged Germany and other European countries to stem what it claims is the illicit exploitation of German and other European banking systems by Iranian companies involved in financing terrorist activities.67 In an apparent indication that Germany is becoming more willing to strengthen economic sanctions against Iran, some German banks have ceased conducting dollar transactions with Iranian companies, and German officials are reportedly considering a reduction in export credit guarantees to German companies doing business in Iran.68

Afghanistan

Merkel and Foreign Minister Steinmeier consistently express their support for ongoing German military engagement in Afghanistan. In mid-October and November 2007, the Bundestag voted to extend German participation in ISAF and the U.S.-led Operation Enduring Freedom for another year. However, Germany is poised to advocate a shift in its and NATO’s Afghanistan strategy toward civilian reconstruction and development projects, army and police training activities, and enhanced political engagement with Afghanistan’s neighbors.69 The U.S. Administration has consistently praised Germany for its continued engagement in Afghanistan, but has also urged German leaders to consider both increasing the number of troops serving and easing operational “caveats.” The Merkel government has resisted calls to send combat troops to Afghanistan’s southern regions. However, Berlin has indicated its readiness to deploy 250 combat troops to provide security for NATO operations in the north.70

Public opposition to continued engagement in Afghanistan has grown as German casualties have mounted, and civilian death tolls have risen.71 Critics have taken particular aim at German and NATO support for the U.S.-led Operation Enduring Freedom. As mentioned above, German officials report that despite the Bundestag mandate, German soldiers have not participated in OEF for the past two years. Nonetheless, Germany has renewed its OEF mandate, which Merkel and Steinmeier view as an important sign of solidarity with the United States. Several Bundestag members supportive of enhanced German engagement in Afghanistan have advocated ending the OEF mandate in Afghanistan, but increasing German troop commitments to ISAF police and army training activities, and easing caveats


70 “NATO Asks Germany to Send Combat Troops to Afghanistan,” Spiegelonline, January 29, 2008.

71 As of September 2007, a total of 24 German soldiers had been killed in Afghanistan.
on these troops. They argue that a heightened emphasis on training will provide clearer and more measurable end-goals for German forces.72

Germany has pledged to send 60 police personnel to participate in an EU police training mission launched in June 2007. The EU mission is expected to include up to 200 trainers. Prior to the EU mission, Germany shared responsibility for police training with the United States. Some criticized German training efforts, carried out by about 50 police trainers in Kabul, for having too narrow an impact and for being overly bureaucratic, while U.S. efforts are said to have not been thorough enough.73 NATO officials and security experts generally argue that German “caveats,” which prevent German police and army trainers from accompanying their Afghan trainees to many of their subsequent fields of operation, limit the success of Germany’s training efforts.74


Appendix 2. Key Dates in German Foreign and Security Policy

Key Dates in German Foreign and Security Policy

- 1949: Founding of the Federal Republic of Germany
- 1955: Germany enters NATO
- 1961: The Berlin Wall goes up
- 1969: Germany joins the Nuclear Nonproliferation Treaty (NPT)
- 1989: Fall of the Berlin Wall
- 1992: Treaty on the European Union (Maastricht Treaty) creates European economic and monetary union, common foreign and security policy, and common internal security policy
- 1994: Germany's Constitutional Court allows foreign military deployments
- 1996: Germany participates in first combat mission since World War II in Kosovo
- 1999: NATO takes control of International Security Assistance Force in Afghanistan
- 2001: After Sept. 11 terrorist attacks, Germany offers up to 3,500 troops for U.S.-led campaign against terrorism in Afghanistan and elsewhere
- 2005: Germany deploys 900 troops to Lebanese coast at Israel and Lebanon's request

Source: Congressional Research Service