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Merkel in Washington: a cool reception

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During her first visit to the United States and her meeting with President Donald Trump (17 March), Chancellor Angela Merkel was faced with a new approach towards Germany by an American administration. The intention of President Trump and his entourage, albeit expressed only rhetorically so far, is to reduce the role of Germany and force changes in its policy. The US President portrayed Germany not as the most important ally of the United States in the EU, as Barack Obama had done, but as an economic power which selfishly exploits other EU states, and which undermines the US economy to achieve economic benefits for itself and maintain the *status quo* which guarantees Germany's political and economic stability. In addition, Germany has not fulfilled its obligations regarding defence policy expenditure, which President Trump has often criticised, and which was also raised during the two leaders' meeting. It is unclear, however, how this rhetoric will translate into concrete actions by the US, or whether President Trump will manage to force Germany into changing its policy.

German reactions after Merkel's visit to the US, and also after the G20 meeting in Baden-Baden, demonstrate that Berlin has not decided to allocate significantly more resources to defence, especially during the ongoing campaign for this autumn's elections to the *Bundestag*. Meanwhile, Germany is determined to create a coalition of states pledged to resist the American administration's declarations that it will introduce import duties or other protectionist instruments. The current dispute with the US, not to mention the possible disintegration of the EU after the UK's decision to leave, may force Germany to make stronger commitments ('take greater responsibility') in international policy, with all the negative consequences that could entail. However this change will be pursued, with the support of either the EU as a whole, or that of only some of its members.

Declaration of an open confrontation

During the presidential campaign, but also with undiminished force since taking office, Donald Trump and his advisers (such as his economic adviser Peter Navarro) have been trying to play down the importance of Germany as the US's most important ally in Europe, as it had been in President Barack Obama's assessment, and to portray it as one of the major problems for the United States. The US rhetoric has focused on three charges in particular: (1) Trump has reduced Chancellor Merkel's migration policy to a dangerous and irresponsible 'open door' policy; (2) Germany's European policy has been defined as exploitative, not only of the other EU member states, but also of the US economy, by keeping the euro too weak, among other methods; (3) finally, Germany's defence policy has been

called into question, or rather accused of not existing at all, as a result of its inadequate expenditure on defence.

According to the Trump administration, as well as the President himself, the hitherto excellent trade relations have benefited Germany's economy far more than that of the US, which is the most important market for German companies. In 2015, Germany sold goods worth €114 billion there, almost 10% of its total exports. The US exported goods worth around €60 billion onto the German market; the American trade deficit with Germany amounts to €55 billion. Germany is not only the biggest exporter in the world, but it also provide the most loans, most of which are spent on consumption and investments outside the country (including the purchase of German goods), and not on the domestic market. President Trump's allegations, that Germany has created or at least exploited the inequalities in global trade, are not new; similar charges have been made not only by economic experts (including from the IMF), but also by politicians in the European Union, such as France.

Similarly, accusations that Germany does not spend enough on defence policy have not only come from the United States. Germany spends around 1.1-1.2% of its GDP (€32-34 billion per year) on defence. This is far below the target agreed at the NATO summit in Newport, and this situation will not improve any time soon. In plans for 2020, this expenditure will continue to run at a maximum of 1.3% of GDP.

Germany's concerns and reactions

German politicians have reacted sharply to Trump's allegations in recent months; for example, Frank-Walter Steinmeier, the current President of Germany, called Trump a "hate preacher", and Sigmar Gabriel, the current minister of foreign affairs, referred to the US president as "a pioneer of the new international authoritarian and chauvinistic movement". Most interesting, however, were the reactions of the Christian Democrats, including in particular Chancellor Merkel's foreign adviser Christoph Heusgen, who at a meeting of the CDU/CSU party stressed that "strategic patience" with the US will be needed now above all. Germany had previously only used such language with regard to indispensable yet difficult and unpredictable partners such as Russia or Turkey.

Germany, as the country which has benefited most from the current *status quo* in the global economy, is worried that these comments by representatives of the new Trump administration could become reality, as they could strike at the previously liberal rules of world trade. Plans to introduce import duties (for example, on automotive products), various ways of devaluing the dollar, investing in conventional and not renewable energy sources, tightening visa regulations – all of these could threaten the strategic economic interests of Germany. If such policies are introduced by the US (although this is not certain, especially in the context of the US administration's hitherto weak preparation for pursuing these plans), it is likely that Berlin will actively oppose them. Berlin will involve both the EU member states (in developing a common resistance to protectionist practices in trade, and in support of the implementation of the environmental agreements), and the member states of the World Trade Organisation (WTO), to maintain the existing rules. Germany will also highlight the size of direct German investments on the US market – currently amounting to around US$255 billion, and around 700,000 jobs for Americans.

Fear in Germany that the US may withdraw from its guarantee of security for Europe (including the nuclear umbrella) is considerable. Taking those concerns seriously, Chancellor Merkel stressed during her visit to the US (as she did at the Munich security conference in February) that Germany will increase its defence expenditure. However, she indicated that this would be a gradual process, and that it would take a long time before this expenditure reached the level of 2% of GDP. These limitations are associated not only with Germany's organisational and financial incapacity to speed up reform of the *Bundeswehr* and the lack of political will for a sudden increase in the growth rate, but also with the government's current policy. In Germany the electoral campaign for the *Bundestag* elections is underway, in which the main opponent to Angela Merkel's Christian Democrats is the Social Democrats (SPD), who identify as the 'party of peace', and see increasing expenditure on defence as counterproductive, if not harmful. Under the influence of the SPD, Chancellor Merkel will promote a new model for defence calculations. It should be expected that Germany will be ready to advocate a rise in expenditure up to as much as 3% of GDP, provided that this also includes expenditure on development assistance or humanitarian aid, in which Germany is involved (also financially) to a degree unmatched by the other countries in Europe.

Whereas Germany will by all means try to prevent changes in the existing globalisation-based economic order, in matters of security cooperation it will look for compromise with the Trump administration. Germany depends on close cooperation with the US, not only in the fight against terrorism, but primarily in the field of intelligence, because Berlin is largely dependent on the help of the US intelligence services. At the same time, Berlin will more vigorously defend the idea of a common EU defence policy, and seek to strengthen its position by promoting military cooperation with its smaller allies. Germany will also make more frequent appearances in the public debate on previously taboo subjects, such as the issue of whether Germany needs its own nuclear weapons. However, Berlin is aware that this would not comply with international law, and moreover there is determined and persistent resistance to such an idea from the German public, so there is no consensus on the implementation of such ideas. Nevertheless, they have also emerged in a 'lighter' version; for example, the chairman of the CDU's working group on foreign policy, security and development, Roderich Kiesewetter (CDU) has declared himself in favour of a European nuclear deterrence system, guaranteed by the British-French nuclear umbrella and co-financed by Germany.

The consequences: Germany activated

During her visit to the US, Chancellor Merkel certainly succeeded in displaying 'strategic patience' and achieving her minimum plan, which was to establish a working contact with President Trump and obtain an assurance of his willingness to cooperate with Europe, including on the war in Ukraine. However, the list of disagreements between them remains long. Under pressure from the possible actions of the US, but also of Russia and Turkey (although their opposition to the international order promoted by Germany has its roots in other sources), and as a result of Brexit and other dissociating phenomena within the EU, Berlin may be forced to review its existing policy. Germany may not be able to maintain the *status quo* which has guaranteed its development so far, including its continuation of a

policy whose main pillars are the primacy of diplomatic activities in conflict resolution (before the use of military force) and a focus on economic and trade issues, taking precedence over questions of traditional foreign policy. The sooner Germany decides to change and abandon its comfortable *status quo*, the faster it will be able to boost its importance on the international arena. Such ideas have been present for quite some time in the public debate in Germany. The need to assume 'more responsibility' in international politics has been mentioned by both the former and present presidents of Germany (even when the latter held the post of foreign minister), not to mention the present defence minister and many German experts. In addition, Christoph Heusgen has said that the trend of greater German involvement is a fact and will continue, and that expenditure on defence and development cooperation must be increased. President Trump's announcements of a US policy in which Germany plays the role of the main problem could accelerate the next stage of Germany's emancipation, and will determine its activities on the international stage. As examples:

- Germany will seek to support and strengthen the euro, to avoid the outbreak of an economic crisis or a wave of bankruptcies that would lead to any country leaving the euro-zone. In its maximum plan, Germany will want to maintain consistency across the EU, including avoiding the bilateralisation of relations which not only the US but also the United Kingdom will seek.

- Germany will not only work to mobilise the establishment in the United States, which is opposed to Trump's actions, but above all to build up an anti-Trump coalition of members states of the OECD or the WTO, in order not to call the systems of duties and taxes negotiated therein into question. Nor will Germany hesitate to prosecute any US administrative decisions at the WTO which would strike at the interests of German companies, as economy minister Brigitte Zypries (SPD) has already announced.

- The role of Germany in security policy will grow, albeit not yet in military terms. In the political dimension, Germany will work to become actively involved in resolving international conflicts within the format developed during the negotiations over the nuclear agreement with Iran, i.e. the members of the UN Security Council plus Germany. Germany will also seek to reinforce the collective defence aspect of NATO, and its military will take an active part in crisis management operations in the Middle East and Africa.

Germany may be aided in achieving these objectives by its strong economic position and the good image which it still enjoys, both as a state and as a society (especially in contrast to the image of the United States and President Trump; in Germany, only 22% of those polled believed the US to be a reliable partner, and US policy is supported by only 37% of respondents). However, if the US administration does begin to realise its objectives concerning changes to the regulations of global trade, or if during trade negotiations it starts to play the card of security assurances for Europe and threatens to withdraw, Berlin's negotiating position will be very difficult. If the German elections are won by the SPD, whose attitudes towards the policies of President Trump – and even more broadly to the US in general – are very critical, this will further complicate the situation.