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Merz visits the US: German trade diplomacy

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From 2 to 4 March, Chancellor Friedrich Merz paid a working visit to the United States at the invitation of President Donald Trump. The key event was a meeting at the White House on 3 March, followed by a working lunch. The agenda was dominated by the situation in the Middle East and the escalation of the war between the United States and Israel on the one hand, and Iran on the other. In remarks preceding his talks with Trump, the Chancellor publicly expressed support for the operation against Tehran, emphasising the need to "get rid of" the regime.

During the talks, Merz sought to sound out the United States' political and security strategy towards Iran in the event of a collapse of the regime. At the same time, he raised two issues of key importance for Berlin, which had originally constituted the primary objectives of his visit to the United States: the resolution of the US–EU trade dispute and support for Ukraine. Trump displayed clear cordiality towards Merz, while simultaneously signalling a willingness to maintain tariff pressure. He also sharply criticised Spain, even threatening to suspend trade with it in response to its refusal to allow the US to use its military bases in connection with the operation against Iran and the dispute over Madrid's failure to allocate 5% of GDP to defence.

Prior to the talks, the Chancellor held a working breakfast in Washington with representatives of business and industry (including BMW, Lockheed Martin, Boehringer Ingelheim, Honeywell, T-Mobile, and Boston Consulting Group).

The course of the visit indicates that Merz is seeking to maintain good personal relations with Trump and to strengthen Germany's position as a channel of communication between the US and Europe. To this end, he not only limits public confrontation but also refrains from responding to criticism directed at European partners. In Merz's calculation, this approach will enable him to exert real influence over the conditions of transatlantic trade and security policy that are of key importance to Berlin.

Commentary

- **By openly supporting the removal of the regime in Tehran, Merz adopted Trump's narrative, a move intended to safeguard Berlin's relations with Washington.** Even before departing, the Chancellor argued that it was "not the time to lecture" the United States and Israel on matters of international law. At the same time, he expressed strong concern about the risk of escalation and emphasised the need to develop a political plan for Iran's future. The decision to abandon criticism of the legality of the operation and to shift the emphasis towards the assessment of consequences and risk management suggests that Germany seeks to avoid a scenario involving a power vacuum in Iran, the spillover of the conflict, and shocks to energy markets. The Chancellor appears to have concluded that publicly distancing himself from the operation would weaken Berlin's influence over decisions taken in Washington, while presumably recognising that such a stance may tarnish Germany's image in countries more sceptical of the operation in Iran. Within Germany itself, the Chancellor's position will also be criticised in part as excessively conciliatory towards Trump, particularly in the context of a growing debate over the justification for the war. Critics are likely to accuse Merz of selectively invoking the rhetoric of violations of international law – deploying it in the context of the war in Ukraine while refraining from doing so with regard to Iran.

- **The Chancellor's response to the criticism directed at Spain was intended to demonstrate that Germany understands and accepts the US logic of applying negotiating pressure in security matters, while not wishing to escalate this to the level of an economic war.** Trump's treatment of Madrid was meant to signal to other allies that he would not hesitate to resort to trade instruments in order to ensure the realisation of US interests in the security sphere (including access to military infrastructure and levels of defence spending). Merz did not respond to the threats to impose an embargo on Spain and even partially endorsed the criticism levelled at Madrid over its insufficient defence expenditure. This is intended to strengthen Germany's standing in the eyes of the United States as a reliable partner within NATO. At the same time, such an approach not only places Berlin in confrontation with Madrid and undermines its ambitions to act as a leader and representative of the EU, but also shifts tensions from the US–EU axis to divisions within Europe itself, thereby weakening Brussels' capacity to formulate a unified response in trade negotiations with Washington.
- **By conducting bilateral talks on the tariff dispute – even though this formally falls within the EU's competences – Merz is attempting to shield German exports.** The dispute primarily concerns US tariff policy based on broad baseline duties and maintained sectoral tariffs, particularly on cars, steel, and aluminium, which are particularly burdensome for Germany as they affect its most competitive industrial sectors. Underlying this is Washington's logic of treating tariffs as an instrument for reducing the trade deficit with Germany: according to US data, in 2024 the value of goods imported from Germany amounted to approximately $160.4 billion, while exports to Germany reached around $75.7 billion, resulting in a US deficit of about $84.7 billion. For Berlin, the stakes are high, as the United States was Germany's most important trading partner in 2024 in terms of total trade turnover (€253.3 billion) and the principal destination for German exports (€161.8 billion). Data for 2025 – including a year-on-year decline of 9.4% in exports to the United States – demonstrate that Trump's tariff policy is effective.
- **The significance of these negotiations has increased in light of the European Parliament's decision to suspend ratification of the agreement concluded in the summer of 2025 between the European Commission and the United States.** Despite Washington's declared willingness to uphold the terms of the agreement, uncertainty persists on the EU side regarding its actual implementation following a Supreme Court

ruling concerning the invalidation of tariffs imposed by the US President. Merz is therefore seeking to reduce the risk of escalation and to limit the scope for arbitrary increases in tariffs. This was reflected in his statement at the press conference following his meeting with Trump, in which he emphasised that Germany and the EU would not accept a revision of trade arrangements leading to higher tariff burdens on transatlantic trade than those agreed in the summer of last year.