



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. U.S. officials and many Members of Congress view Germany as a key U.S. ally, have welcomed German leadership in Europe, and 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 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, approximately 7,400 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 a consistently 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 U.S. foreign policies during the George W. Bush Administration on German leaders.

President Obama's popularity in Germany suggests that many Germans expect the new U.S. Administration to distance itself from the perceived unilateralism of the Bush Administration. However, some observers caution that public expectations of the new President could be unreasonably high and note that policy differences between the two countries remain. For example, in the face of the global economic slowdown, German leaders on both sides of the political spectrum have resisted calls from the Obama Administration to stimulate economic growth through larger domestic spending measures. In the foreign policy domain, while German officials have welcomed the Obama Administration's strategic review of Afghanistan/Pakistan policy, they have essentially ruled out sending more combat troops or relaxing constraints on those troops currently serving in Afghanistan before German federal elections scheduled for September 2009.

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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. Merkel has distinguished herself as an advocate for strong U.S.-European relations and as a respected leader within Europe and internationally. Despite continuing areas of divergence, successive U.S. Administrations 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 U.S. 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, 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, some fundamental differences remain. During the Administration of former President George W. Bush disagreement tended to stem from what many Germans perceived as a U.S. indifference to multilateral diplomacy and standards of international law and what some in the United States considered 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 have fueled persistently negative German public opinion of U.S. foreign policy and corresponding skepticism of the exercise of military power. That said, strong popular support for President Obama in Germany suggests that many Germans expect the United States to distance itself from the policy agenda of Obama's unpopular predecessor. Observers caution however, that policy differences will remain, and that Berlin could continue to react skeptically to U.S. foreign policy actions it perceives as unilateral and lacking international legitimacy.

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 the 2002 elections. The disappointing electoral showing fueled criticism of Merkel within the CDU. However, public

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.

opinion polls suggest that Merkel has since gained favor with the German public and that the CDU has maintained steady support while the SPD has dropped in popularity.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 during the first three years of her term. 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 helped bring unemployment down from almost 12% in the first quarter of 2005 to 7.5% in October 2008. More recently, however, the Merkel government has struggled to address a sharp decline in economic growth that began in late 2008 in the context of the global financial crisis. In March 2009, the government revised its January economic forecast for 2009 to predict a 6% contraction in GDP growth for the year (it had announced an expected 2.5% decline in January). Unemployment—at 8.1% in March—is expected to continue rising steadily through 2009.³

The rapid decline in German economic performance is the key issue confronting Germany's governing coalition ahead of federal elections scheduled for September 2009. Although most observers expect Merkel's governing "grand coalition" to hold through the election, SPD leaders appear poised to increasingly seek to block CDU policy initiatives in an effort to distinguish the party from its coalition partners. At the same time, Merkel could face calls from within the CDU to take a stronger stand on domestic economic and other policy issues. As one German commentator has lamented, "Neither side can impose its will on the other, resulting in gridlock and crippling Germany's influence in the world."⁴

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 and Merkel's opponent in the upcoming elections, 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 coalition parties advocate a "strategic partnership." However, Merkel appears to favor a harder line than the SPD, and has openly criticized Moscow for its treatment of non-governmental organizations and political opponents, and for an 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.

Foundations of German Foreign Policy

Much of the criticism in Germany of U.S. foreign policy during the George W. Bush Administration was 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

² A May 2009 poll conducted by research institute Forsa indicates a 36% approval rating for the CDU and 26% approval for the SPD. *Spiegelonline, die Sonntagsfrage*. URL: <http://www.spiegel.de/flash/0,5532,17440,00.html>

³ "Country Report: Germany," *Economist Intelligence Unit*, May, 2009.

⁴ Ralf Beste, "A Recipe for Foreign Policy Impotence," *Spiegelonline*, May 15, 2008.

multilateral institutions and a deep-rooted skepticism 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 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 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 approximately 7,400 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."⁵ 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.⁶ 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.⁷

⁵ Hanns W. Maull, ed. *Germany's Uncertain Power: Foreign Policy of the Berlin Republic*. New York: Palgrave MacMillan, 2006, p. 1.

⁶ See August Pradetto, "The Polity of German Foreign Policy: Changes since Unification," in Hanns W. Maull, ed., *op. cit.*

⁷ West German foreign policy, particularly toward the Soviet Union, at times diverged from 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 (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.⁸ 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.

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.⁹ 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

(...continued)

institutions rather than openly confront Western allies.

⁸ See *White Paper 2006*, op. cit.; and *Coalition Agreement CDU, CSU, SPD*, November 11, 2005, <http://www.bundesregierung.de>.

⁹ “German Policy in the United Nations,” German Federal Foreign Office, March 2004, <http://www.auswaertigesamt.de/diplo/en>.

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.¹⁰ 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 indicated that Merkel asked former-President Bush to support a German bid for permanent Security Council representation.¹¹

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, approximately 7,400 German troops are deployed worldwide (largely in Afghanistan and the Balkans), 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.¹² 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

¹⁰ For more information on U.N. reform efforts, see CRS Report RL33848, *United Nations Reform: U.S. Policy and International Perspectives*, by Luisa Blanchfield.

¹¹ *White Paper 2006*, op. cit. p. 45.; "German chancellor reportedly to lobby Bush for permanent UNSC seat," *BBC News*, September 27, 2007.

¹² 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.

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.¹³

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 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.¹⁴ 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.

¹³ For a more comprehensive assessment of the evolving debate on national interests see Marco Overhaus, “Conceptual Evolution and Domestic Confusion: Germany’s Security and Defense Policy from the Schröder to the Merkel Government.” World Security Institute, Brussels. Policy Briefing number 1, February 2007; and Hanns Maul, ed., *op. cit.*

¹⁴ 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>.

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.¹⁵ Finally, some analysts point to personal differences between Merkel and her French counterpart, Nicolas Sarkozy, and to what some perceive as their more pragmatic approaches to EU affairs as evidence of a weakening of the Franco-German partnership long considered the engine of European integration.

EU Enlargement

Germany was an early and strong supporter of the EU's eastern enlargement after the Cold War.¹⁶ 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 2008 survey, 13% of Germans see Turkish accession to the Union as "a good thing."¹⁷ 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 to oppose Turkey's entry to the EU.¹⁸ 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

¹⁵ For more information on the EU's proposed "constitutional reforms" see CRS Report RS21618, *The European Union's Reform Process: The Lisbon Treaty*, by Kristin Archick.

¹⁶ 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.

¹⁷ "Transatlantic Trends Topline Data 2008," The German Marshall Fund, September 2008, <http://www.transatlantictrends.org/trends/index.cfm?id=126>

¹⁸ See "Merkel visit to Turkey complicates life at home," *International Herald Tribune*, October 4, 2006; "Merkel presses Turkey over Cyprus," *BBC News*, October 5, 2006.

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.¹⁹

Disagreement within the governing coalition on Turkey’s EU membership suggests that neither party will seek decisive action before the September 2009 elections. 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.²⁰

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, 2007, and 2009 as evidence of Russia’s ability to use its energy wealth to divide Europe.²¹

¹⁹ 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.

²⁰ On average, EU member states import about 30% of their natural gas and 25% of their oil from Russia.

²¹ 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 have been marked by disagreement on a variety of issues, including Germany's close ties to Russia.²² 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.²³

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 East German background. 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.²⁴

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) 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. 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 civilian personnel to ESDP missions in Bosnia, Kosovo, the coast of Somalia, and Afghanistan, four of 12 civilian crisis management, police, and military operations currently overseen by the EU.²⁵ Germany has also committed troop support for four of

²² For more information on Poland see CRS Report RS22811, *Poland's New Government: Background and Issues for the United States*, by Carl Ek.

²³ "Europe and Russia: the Divorce?" *Spiegelonline*, May 18, 2007; "German rebuke sets up tense EU-Russia summit," *EU Observer*, October 5, 2007; "Estonia urges EU to defend small countries against Russia," *EU Business*, July 11, 2007.

²⁴ *Ibid.*; Mitchell, op. cit. "Talking with Russia—or Not," *Spiegelonline*, May 21, 2007.

²⁵ 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 (continued...)

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.²⁶

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."²⁷ 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 improve Germany's relations 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.²⁸

Merkel and French President Sarkozy espouse what many consider a highly pragmatic approach to EU policy. As German policy within the EU has become more 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, especially 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.²⁹ Merkel and Sarkozy's efforts to forge a common European response to the global financial crisis and the related economic downturn have had mixed results. While both continue to pursue tailored national responses to the crisis, they have united to advocate enhanced international regulation of global financial markets.

(...continued)

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.

²⁶ 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.

²⁷ For more information on ESDP and EU-NATO links see CRS Report RL32342, *NATO and the European Union*, by Kristin Archick and Paul Gallis.

²⁸ Guerot, op. cit.

²⁹ "Sarkozy ist von Merkel genervt," *Spiegelonline*, September 11, 2007; "Sarkozy faces clash with EU partners over economic policy," *EU Business*, July 7, 2007.

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 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 traditionally 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, approximately 7,400 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."³⁰ 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 defense policy sectors have decreased by about 40% in real terms since their peak in the late 1980s.³¹

Current German Troop Deployments*

Afghanistan/ Uzbekistan (NATO - ISAF)	3,730 soldiers
Coast of Somalia – anti-piracy (EU – NAVFOR – ATALANTA)	840
Kosovo (NATO - KFOR)	2,210 soldiers
Lebanon (U.N. - UNIFIL)	220 soldiers
Bosnia Herzegovina (EU - EUFOR)	130 soldiers
Djibouti/Horn of Africa (Operation Enduring Freedom)	110 soldiers
Sudan (U.N. - UNMIS)	34 soldiers
Mediterranean (NATO - Active Endeavor)	30 soldiers
Georgia (U.N. - UNOMIG)	12 soldiers
TOTAL	7,316

* As of April 30, 2009

Source: German Ministry of Defense

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.³² Considerable domestic opposition to German participation in the Kosovo

³⁰ Overhaus, op. cit.

³¹ See Hanns Maull, in Hanns Maull ed. op. cit., p. 4; and Michael Zuern, "Edel, hilfreich—nicht gut," *Die Zeit*, January 4, 2007.

³² 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.

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 as the primary security threats facing Germany and its EU and NATO allies. However, Germany's approach to countering these threats has at times been 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 has never referred 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.”³³ 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.

Approximately 3,500 German troops are deployed to NATO's International Security Assistance Force (ISAF) in Afghanistan, and about 2,200 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. German forces in Afghanistan are engaged almost exclusively in stability operations in the northern part of the country. Germany is the lead nation for Regional Command North (RC-N), commands a forward support base in

³³ White Paper 2006, op. cit.

Mazar-E-Sharif, and leads two PRTs, one in Kunduz and one in Feyzabad. Since July 2008, Germany has also staffed RC-N's 200-man Quick Reaction Force, intended to provide reinforcement in emergency combat situations. Since 2007, six German Tornado aircraft have been used for country-wide surveillance operations. In April 2009, Germany announced plans to send a temporary deployment of an additional 600 troops to northern Afghanistan in preparation for August 2009 elections (the current parliamentary mandate governing Germany's engagement in Afghanistan authorizes a maximum troop deployment of 4,500).

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.³⁴ German forces are authorized to engage in combat operations as part of their defense of the northern sector but they have reportedly been reluctant to conduct combined combat operations with their Afghan partners. 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 operational caveats on their forces. Second, German officials increasingly claim that NATO is overly focused on military action and must devote more resources to civilian reconstruction.³⁵

To this end, German officials have welcomed the Obama's Administration's renewed focus on Afghanistan and are particularly encouraged by the Administration's regional approach – especially its emphasis on Pakistan and its apparent willingness to engage Iran in discussions of the mission – and by its emphasis on improving civilian capacity- and institution-building efforts, and economic development in Afghanistan. On the other hand, there is some concern in Germany that significant U.S. troop increases and a continued reluctance in many allied countries to increase troop contributions to ISAF could lead to an "Americanization" of the mission that may limit allied influence in decision-making (for more information on German engagement in Afghanistan, see **Appendix A**).³⁶

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.³⁷ 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.

³⁴ For more information on "national caveats," and NATO in Afghanistan, see CRS Report RL33627, *NATO in Afghanistan: A Test of the Transatlantic Alliance*, op. cit.

³⁵ "Berlin Mulls Limits to Afghanistan Mandate," *Spiegelonline*, July 2, 2007; "Tornados in Afghanistan, Political Twisters in Germany," *Spiegelonline*, July 4, 2007.

³⁶ Interviews of European officials, December 2008 – March 2009.

³⁷ 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.

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.³⁸

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.³⁹ 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 larger scale or five smaller scale operations. As mentioned above, about 7,400 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.⁴⁰

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

³⁸ Overhaus, *Op. Cit.*; Stephen Szabo, "The German Defense White Paper," American Institute for Contemporary German Studies (AICGS), December 2006; "Redefining German Security: Prospects for *Bundeswehr* Reform," American Institute for Contemporary German Studies (AICGS), September 2001; Proceedings of the AICGS conference, "German Security Policy: Assessing the 2006 White Paper on German Security Policy and the Future of the *Bundeswehr*." Washington, DC, July 10, 2007. Available at <http://www.aicgs.org>.

³⁹ 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. It 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>.

⁴⁰ Interviews of German government officials, November 2006 - May 2007.

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 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.⁴¹

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; 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 have questioned, and at times openly opposed, 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 urged former President George W. Bush 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.

⁴¹ Hugh Williamson, "Berlin moves to scrap conscription," *Financial Times*, August 20, 2007.

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 support 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 called on U.S. leaders to enhance U.S. multilateral engagement 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. German officials appear encouraged by the Obama Administration's apparent willingness to boost U.S. multilateral engagement and to reconsider the U.S. position on some multilateral treaties and agreements.

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.⁴² 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, 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 welcomed Merkel's renewed emphasis on NATO-EU links. While Germany remains committed to NATO as the pillar for European security, some Germans have questioned the U.S. commitment to 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, especially ahead of Germany's scheduled federal elections in

⁴² The German Marshall Fund of the United States' 2008 Transatlantic Trends survey reports that 20% of Germans agree that "under some conditions, war is necessary to obtain justice." Transatlantic Trends Topline Report, September 2008, <http://www.transatlantictrends.org>.

2009. President Obama's popularity in Germany suggests that many Germans expect the new U.S. Administration to distance itself from the perceived unilateralism of the unpopular George W. Bush Administration. However, some observers caution that public expectations of the new President could be unreasonably high and note that policy differences between the two countries remain, particularly in areas where public opposition is high. For example, in the face of the global economic slowdown, German leaders on both sides of the political spectrum have resisted calls from the Obama Administration to stimulate economic growth through larger domestic spending measures. In the foreign policy domain, while German officials have welcomed the Obama Administration's strategic review of Afghanistan/Pakistan policy, they have essentially ruled out sending more combat troops or relaxing constraints on those troops currently serving in Afghanistan before the fall elections.

Appendix A. Selected Issues in U.S.-German Relations—Current Status

Economic Ties

Germany's export-based economy is the world's third largest and Europe's largest.⁴³ The United States is Germany's second largest trading partner with two-way trade in goods totaling \$144 billion in 2007. U.S. exports to Germany in 2007 were worth about \$50 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 \$94.5 billion in 2007. The United States is the number-one destination for German foreign direct investment (FDI); 11.5% of all U.S. FDI is in Germany. U.S. firms operating in Germany employ approximately 800,000 Germans, and an estimated 670,000 Americans work for German firms in the United States.

Like the United States, Germany is experiencing a relatively sharp decline in economic growth. Germany's export-based economy is expected to contract 6% in 2009, and unemployment has been slowly but steadily rising since the end of 2008. However, although U.S.-German economic and trade ties remain strong, the global financial crisis and ensuing economic downturn have exposed U.S.-German differences on the cause of and the appropriate response to the crisis. U.S. officials and some observers have argued that Germany was late in recognizing the degree to which the German economy would be affected by the global financial crisis, and that it has not moved aggressively enough to spur domestic economic growth since acknowledging the domestic effects of the crisis. German officials counter that they have taken substantial action to stimulate their economy—measures which they value at upwards of \$100 billion for 2009 and 2010, including the effect of so-called “automatic stabilizers” guaranteed by Germany's social welfare programs. Moreover, they have argued that such domestic spending measures will do little to address the root of the problem, which they tend to view as inadequate regulation of global financial markets.

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 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 its national security, and has passed a number of laws aimed at limiting the ability of terrorists to live and raise money in Germany.⁴⁴ 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,

⁴³ Information in this paragraph from U.S. Department of State, “Background Note: Germany,” December 2008.

⁴⁴ See CRS Report RL33573, *European Approaches to Homeland Security and Counterterrorism*, by Kristin Archick et al.

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 appears to have increased 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 the Frankfurt airport and other locations frequented by U.S. citizens. German authorities are reported to have collaborated closely with U.S. intelligence agencies in foiling the plot, with then-Homeland Security Secretary Michael Chertoff saying that intelligence cooperation between the two countries is "the closest it's ever been."⁴⁵ 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.⁴⁶

German officials are encouraged by the Obama Administration's reported shift away from the designation "Global War on Terror." Germany has never considered its counterterrorism policies part of a war effort and refer 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. anti-terrorism convention. Germany has welcomed President Obama's decision 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. However, a reported May 2009 request from the Obama Administration asking Germany to house nine detainees – reportedly all Uighurs originally from central and western China – scheduled to be released from Guantanamo Bay appears to be causing concern within the German government. According to press reports, some German officials are reluctant to accept the detainees for fear of inciting a diplomatic dispute with the Chinese government, while others fear that the individuals could pose security risks.⁴⁷ On the other hand, German politicians have indicated their desire to assist the Obama Administration with an effort they have long advocated.

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.⁴⁸ 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

⁴⁵ See Simone Kaiser, Marcel Rosenbach, and Holger Stark, "How the CIA Helped Germany Foil Terror Plot," *Spiegelonline*, September 10, 2007.

⁴⁶ Judy Dempsey, "Plot seen as pressure to pull out of Afghanistan," *International Herald Tribune*, September 7, 2007.

⁴⁷ "A Worrying List from Washington," *Spiegel Online*, May 12, 2009.

⁴⁸ 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.

of German citizen Mohammed Haydar Zammar and German-born Turkish citizen Murat Kurnaz.⁴⁹

The Middle East⁵⁰

Germany, along with other European countries, believes the Israeli-Palestinian conflict lies at the root of many of the challenges in the Middle East. Merkel has promoted 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, Berlin has provided funded some Iraqi reconstruction efforts and participated in efforts to train Iraqi security forces.

Relations with Israel and the Israeli-Palestinian Conflict

Germany, along with the United States is widely considered one of Israel's closest allies. Germany is Israel's second largest trading partner and long-standing defense and scientific cooperation, people-to-people exchanges and cultural ties between the countries continue to grow. While distinguishing itself as a strong supporter of Israel within the EU, Germany has also maintained the trust of Palestinians and other groups in the region traditionally opposed to Israeli objectives. Germany has been one of the largest country donors to the Palestinian Authority (PA), and in June 2008, hosted an international conference to raise funds to bolster PA President Mahmoud Abbas' emergency government in the West Bank. At the request of the Israeli government, German intelligence officers used their contacts with Lebanese-based militia Hezbollah to negotiate a prisoner exchange between Hezbollah and Israel in July 2008.⁵¹

Like other EU member states, Germany views a sustainable, two-state solution to the Israeli-Palestinian conflict as key to ensuring Israel's long-term security, and to fostering durable stability in the Middle East. German officials have urged the Obama Administration to play a leading role in negotiations for a peace agreement. Germany remains firm in its support for EU and U.S. efforts to isolate Hamas since its victory in 2006 parliamentary elections and subsequent 2007 takeover of the Gaza strip. However, some experts argue that U.S.-EU efforts to isolate Hamas have not worked, and some in Germany and Europe view engagement as a better way to try to moderate the group and generate progress in the peace process.

Iran

As a member of the so-called EU-3 (France, Germany and the United Kingdom), Germany has been at the forefront of EU and U.N. efforts to prevent Iran from developing nuclear weapons and continues to seek international consensus on more stringent economic sanctions against Iran. Of the EU-3, Germany has reportedly been the most reluctant to endorse autonomous EU sanctions

⁴⁹ "In Another CIA Abduction, Germany Has an Uneasy Role," *Washington Post*, February 5, 2007; "Kurnaz Case Continues to Trouble German Foreign Minister," *Spiegel Online*, January 31, 2007.

⁵⁰ For more information see CRS Report RL33808, *Germany's Relations with Israel: Background and Implications for German Middle East Policy*, by Paul Belkin.

⁵¹ David Byers, "Hezbollah Confirms Prisoner-Swap with Israel," *TimesOnline*, July 2, 2008.

against Iran without an accompanying U.N. Security Council resolution, and has consequently emphasized the importance of winning Chinese and Russian support for stricter sanctions. The Merkel government remains strongly opposed to a military response to the situation.

In a sign that Berlin's stance toward Iran may be hardening, in June 2008, Germany backed an EU decision to freeze the assets of Iran's biggest bank, Bank Melli, among others, and to impose visa bans on a number of individuals suspected of involvement in the Iranian nuclear program. Despite the recent sanctions, the EU has not withdrawn an offer of incentives to Iran in exchange for discontinuing its uranium enrichment program. These include providing technology to develop a nuclear program solely for energy generation and a range of economic incentives. German and European officials have welcomed the prospect of full U.S. participation in ongoing nuclear talks with Iran being led by the EU. European leaders also appear united in their support for bilateral talks between the United States and Tehran. At the same time, they emphasize that U.S. engagement with Iran should be closely coordinated within the existing multilateral framework consisting of the EU3, China, Russia, and the United States (the so-called P5+1).

Berlin has faced pressure from the United States and others to limit civilian commercial ties with Iran and to curb the substantial export credit guarantees it offers companies doing business in the country. Along with Italy and China, Germany remains one of Iran's most important trading partners. However, German-Iranian commercial ties have cooled significantly since 2005. German exports to Iran reportedly dropped 25% between 2005 and 2007, from \$6.4 billion (4.3 billion euros) to \$4.8 billion (3.2 billion euros), and Germany's two largest banks, Deutsche Bank and Commerzbank AG, say they have withdrawn from the Iranian market. In addition, new export credit guarantees to companies doing business in Iran fell by more than half from 2006 to 2007, dropping from \$1.74 billion (1.16 billion euros) to \$731.84 million (503.4 million euros).⁵² While some interpret weakening German-Iranian economic ties as a sign that Berlin is intent on increasing economic pressure on Tehran, others argue that German-Iranian trade remains robust and that politicians in Berlin are unlikely to seek further cuts in commercial ties. They view German officials' emphasis on unanimity with, for example, Russia and China, as evidence that Berlin is unwilling to take bolder action against Iran.⁵³

Afghanistan

Germany is the third-largest troop contributor to ISAF and the fourth largest donor of bilateral aid for reconstruction and development.⁵⁴ However, perhaps more than any other ally, Germany has been criticized for a reluctance to engage in combat. U.S. officials have praised Germany for its continued efforts, but have urged its leaders to ease the operational restrictions which prevent most German forces from engaging in combat. The Merkel government has resisted calls to lift these caveats and to send combat troops to Afghanistan's southern regions. Low public support for the Afghan mission and national elections scheduled for October of this year lead most observers to rule out the possibility of significant troop increases in the coming year.

⁵² See "German Economy Ministry Reports Lower Exports to Iran," Associated Press, February 13, 2008; and "Berlin Hardens Stance with Iran," *Financial Times*, February 11, 2008.

⁵³ See, for example, "Berlin's Ambiguous Relationship with Israel," *Jerusalem Post*, February 11, 2008.

⁵⁴ Information in this section provided by the German Embassy, Washington, D.C., April 2009.

German officials have long advocated a shift in NATO's Afghanistan strategy toward a more "comprehensive approach," reflected in NATO's 2008 strategic vision for Afghanistan, that emphasizes civilian reconstruction and development projects, army and police training activities, and enhanced political engagement with Afghanistan's neighbors. To this end, the Merkel government has welcomed President Obama's renewed strategy for Afghanistan and Pakistan. Germany has appointed a special representative for Afghanistan and Pakistan, Bernd Muetzelburg, who has emphasized the need to enhance coordination among major donor countries, NATO, and the UN.

Germany currently has approximately 3,500 troops in ISAF engaged almost exclusively in stability operations in the northern part of the country. In April, it announced plans to send a temporary deployment of an additional 600 troops to northern Afghanistan in preparation for August elections (the current parliamentary mandate governing Germany's engagement in Afghanistan authorizes a maximum troop deployment of 4,500). Germany is the lead nation for Regional Command North (RC-N), commands a forward support base in Mazar-E-Sharif, and leads two PRTs, one in Kunduz and one in Feyzabad. Since July 2008, Germany has also staffed RC-N's 200-man Quick Reaction Force, intended to provide reinforcement in emergency combat situations. German officials report that Germany provides almost 50% of ISAF's fixed wing air transport as well as other country-wide air support. Since 2007, six German Tornado aircraft have been used for country-wide surveillance operations. German forces are authorized to engage in combat operations as part of their defense of the northern sector but they have reportedly been reluctant to conduct combined combat operations with their Afghan partners. Some NATO and allied government officials have criticized the existing restrictions on German forces, saying that German troops and civilians rarely venture beyond the perimeter of their PRTs and Forward Operating bases due to concern that they might arouse suspicion or come into contact with armed elements.

German officials indicate a willingness to take on a greater role in training the Afghan National Army and Afghan National Police. Germany currently provides seven OMLTs and expects to add an additional OMLT in 2010. In April 2009, Germany committed EUR 50 million (about \$65 million) to the newly established Afghan National Army Trust Fund. About 55 German police officials—mostly retirees—contribute to a nascent EU police-training mission (EUPOL) of 225 that is expected to eventually include up to 450 trainers. However, the EU mission, initially approved in May 2007, has reportedly suffered from personnel problems and a lack of EU-NATO coordination. 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.

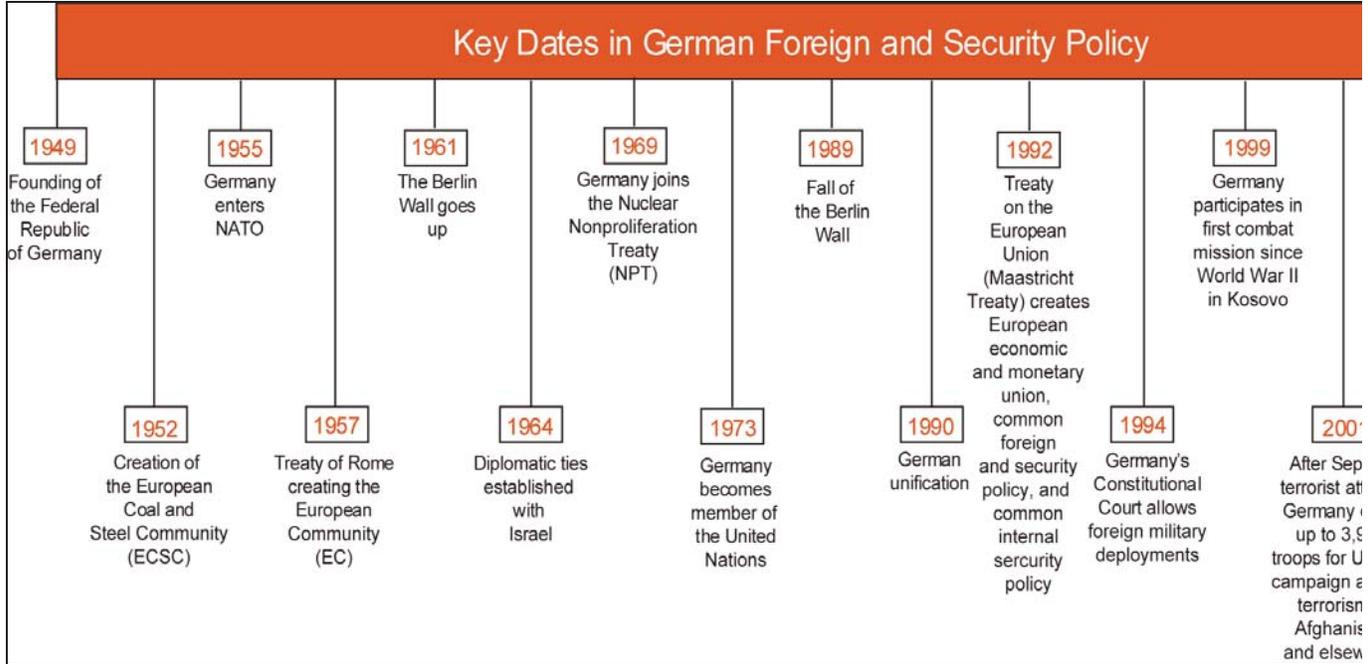
Germany has sought to boost its police training efforts over the past year. In addition to the 55 officers contributing to EUPOL, 86 police instructors participate in other U.S.-led training efforts under CSTC-A. In January 2009, German trainers began participating in the Focused District Development Programme (FDD), through which Police Mentoring Teams of up to 10 civil and military police personnel train and accompany Afghan units in the field. The effort remains focused in the north and will include the construction of a training center in Kunduz (a training center has already been constructed in Mazar-E-Sharif). In 2009, Germany expects to spend an estimated EUR 35.7 million (about \$46.4 million) on infrastructure and equipment for the Afghan police force, including the construction of training centers in Kabul and elsewhere.

Germany emphasizes the need to enhance civil reconstruction efforts in Afghanistan. Since 2007, its annual bilateral aid to Afghanistan has increased from EUR 80 million (about \$104) to EUR

170 million (about \$221 million) for 2009, for a total of EUR 1.2 billion (about \$1.56 billion) between 2002 and 2010. Germany seeks to fund a mix of long-term development projects as well as short-term, “quick-impact” measures that can provide immediate and tangible benefits to the local population. Projects cover a variety of sectors including: energy and water supply; security sector reform; justice sector capacity building; secondary education and vocational training; mine clearance; and cultural reconstruction.

Appendix B. Key Dates

Figure B-1. Key Dates in German Foreign and Security Policy



Source: Congressional Research Service

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