GERMANY

Background Brief: CENEX 2013

RECENT HISTORY

In the last 15 years, Germany has slowly worked to become the most powerful economic force in Europe, with strong gains in their diplomatic power as well. Under the helm of Chancellors Schroder and Merkel, Germany has built up the core of the European Union manufacturing base and has become increasingly involving in deciding EU-wide economic issues. This has proven to be both beneficial and dangerous; although Germany is now the de facto leader in EU affairs, it is also inextricably linked fiscally to the fates of volatile states such as Greece. Germany was the key architect of the Eurozone stability plan that helped avert fiscal disaster after the ’08 global recession and also spearheaded the EU constitution project, resulting in the Lisbon Treaty which came into effect in December 2009.

Recent German political history has been marked by the continued role Chancellor Andrea Merkel and her Christian Democratic Union (CDU) party has played in German politics. While the 2012 elections saw some resurgence of other parties they were mainly running in protest of CDU’s economic plans and Merkel engineered another victory for her party and solidified her political position. The government resulting from the 2012 elections moved slightly left, but far less than if CDU had been removed from power.

Since 2012, Germany has also enjoyed Presidency of the European Parliament under the helm of Martin Schulz. Due to serve through summer 2014, and likely to win another term, Schulz has been able to exert considerable influence over EU affairs, mainly in budgetary and legal affairs. Continued German leadership of the bailout plans that have helped steer the EU on a path of recovery since the financial crisis has relied heavily on Schulz’s presidency of the Parliament, as the President’s signature is required on most EU laws and in order to pass a budget.

Germany used the presidency, along with other diplomatic clout, to push for radical new defense policies for the EU, putting forward the idea of a unified EU foreign ministry, single defense market, and a true European Army. Led by Germany’s Foreign Minister Guido Westerwelle in 2012 and joined by France, Italy, Spain and Poland, The Netherlands, Belgium, Denmark, Austria, Portugal and Luxembourg. This policy recommendation was crafted over a 9 month period, with the goal being forming an outline for the future of the European Union.

PERTINENT ISSUES

Military

During the Cold War, the German Bundeswehr was one of the world’s premier fighting forces. However, after German Reunification in 1990 and the Treaty on the Final Settlement with Respect to Germany, the German military has reoriented to a small size and more focused mission. While still a capable force, it is only the 4th largest in the EU, after France, Italy, and the UK, and only the 28th largest in the world. This relatively small force is even more remarkable when taking into
consideration the size of Germany's population and economy. Germany only spends approximately 1.3% of its GDP on defense, a point that sometimes draws ire from NATO allies such as the US, which asks that allies spend at least 2% on defense. Germany also ended conscription in 2011, changing over 50 years of precedence.

The German constitution allows only defensive roles for the Bundeswehr, similar to the restrictions placed on Japan's Self Defense Forces after their defeat in WWII. However, in 1994 the Federal Constitutional Court cleared the way for a more liberal definition of the term “defense”. Pivoting after this declaration, the late 90’s and early 00’s also marked a return to German military participation in external peacekeeping and disaster relief operations. While the overall size of the German armed forces has been on the decline, they have nonetheless been a major part of various Eastern European peacekeeping missions, such as KFOR in Kosovo and EUFOR in Bosnia and Herzegovina. The German Army has also been a participant in the International Security Assistance Force in Afghanistan, a theater that saw the first German combat casualties since WWII. In 2013, Germany authorized the deployment of ground troops to Mali to support French forces to rout Islamist rebels. German authorities clearly stated that they felt this would be a long term deployment, with an initial authorization of one year but possibly much longer. This deployment marked the first time in recent history that sending troops abroad had not caused considerable backlash domestically. Even German deployments to Afghanistan had been protested by various groups, yet public German acceptance of a more active military role had grown considerably by 2013. While German involvement in Afghanistan was initially spun as peacekeeping and not active war fighting, many Germans have come to see use of their military as a begrudging requirement of their position in the EU and on the world stage. German troops are also a main component of the NATO piracy task force off the Horn of Africa, protecting the great deal of German goods that flow through the Indian Ocean.

Part of this expansion in roles, despite trimming in force, has been caused by the US foreign policy and military policy shift to refocus on Asian countries, mainly China. Long a central tenet of European security, lessened US involvement in continental affairs has led German to explore taking a resurgent role security issues, following its economic dominance of the EU. The US has slowly been reducing garrisoned forces in Germany. As the US leaves and the German military continues to expand its roles, 20th century German history still lingers in the minds of nearby countries. While Germany has been successfully integrated into the European system, and the strategic factors that led to Germany aggression in WWI and WWII largely mitigated, the continent remains somewhat wary. Regardless, security issues have proven to play a large role in the German economy and the German defense sector provides military goods for a wide range of European customers. While its neighbors still harbor suspicious, they will also keep buying German guns and bombs; Germany is the third largest weapons exporter in the world, after the US and Russia.

**Economic**

While Germany began the new millennium in virtual stagnation, the country slowly built up a titan of an export economy, becoming the 5th largest economy in the world by GDP and the 2nd largest world exporter, moving over $1.4 trillion in good out of the country in 2011. Most of Germany’s
economic focus has been on products requiring advanced engineering skills, such as automobiles, industrial machinery, advanced metals and chemical goods, and power production technology.

Similar to other industrialized nations, Germany has seen a slowly declining birth rate and aging population shift. While Germany underwent significant structural changes during the early 00’s to compensate for these demographic shifts, such as mandating shorter work weeks and the Hartz I through IV market reforms. However these efforts could only mitigate the underlying problems, not solve them. While Germany weathered the ’07-’08 financial crises with remarkable ease, its continued and deepened involvement in the euro-zone, in particular the crises in Greece, have proved to be more difficult to deal with. While Germany has been able to maintain a balanced budget, continued uncertainty about what the collapse of other elements of the euro-zone could do to Germany’s economy hampers future optimism about what lies ahead.

The main question facing Germany’s economy in 2014 is whether to explore alternative strategies outside of the EU framework that it had worked in earnest to develop and save during the preceding decades. Continuing to prop up failing economies that resist German influence in instituting austerity measures to balance their budgets has wearied some German bureaucrats. Some Germans have proposed deepening ties with Russia, who desperately needs capital and advanced technology and can provide massive amounts of natural resources in return.

Demographic

Germany is also dealing with the after-effects of a long-standing immigration push from the Cold War era, where thousands of immigrants, mostly from Turkey, were encouraged to come on a temporary worker basis. This influx of workers helped West Germany fuel their industrial boom during the 60’s and 70s. Many of these workers, however, never left and now there is a large Turkish diaspora in Germany. This diaspora numbers around 2.1 million, making the Turks the largest ethnic minority in Germany and the largest portion of the Muslim minority in the country. While the Turkish minority has by and large been accepted into Germany, some cultural integration has stalled, especially with the backlash against Islamic communities in post-9/11 Europe. Chancellor Merkel was quoted as saying in 2010 that multiculturalism in Germany had “failed utterly.”

DIPLOMATIC RELATIONS

Relations between the United States of America and Germany remain strong. On security issues, cooperation and integration between the two countries benefits by Germany’s central role in NATO and the EU, as well from a long history of successful partnership between militaries, including US military presence on German soil. German has contributed consistently to the ISAF force in Afghanistan, although occasionally the pace of withdrawal causes some divides between US and German officials, albeit it usually quickly covered over. For example, in February of 2013 officials publically differed on the numbers and nature of the post-2014 ISAF force to remain in Afghanistan; US Defense Secretary Panetta has claimed a multinational force of 12000 may remain, whereas German Defense Minister Thomas de Maiziere claimed that the 12000 remaining would be US only. US-German economic ties remain strong as well. The US is Germany’s second largest export market,
behind only France, and Germany is the top importer of US goods in the EU. This strong bilateral trade arrangement is helped by the US-German Treaty of Friendship, Commerce, and Navigation.

German relations with Syria, never particularly close, became extremely strained during the two and a half year internal conflict that led to the dissolution of the Assad regime and the rise of the SIF. German officials consistently denounced Assad’s actions against the Syrian people, and even authorized a transfer of Patriot Missile batteries to the Syrian-Turkish border to protect Turkish refugee camps from Syrian airstrikes. However, Germany distanced itself from French and British calls to intervene militarily in Syria, taking a more cautioned stance due to fears of being drawn into a long-term and costly stability effort. Germany, however, did take a leading role, in 2012 and 2013, in financing humanitarian aid to the Syrian rebels, co-managing with the UAE over $100 million to fund aid and reconstruction efforts. However, the failure of moderates to secure the country after Assad's fall has complicated German plans to distribute this aid money, wary of providing material support to hardline extremists. Along with the US, the Germans have yet to recognize the SIF as the legitimate government of Syria, denouncing the SIF coup as a "criminal hijacking of the Syrian people's aspirations to democracy by a fanatical group of militants, who show no commitment to equitable rebuilding of the country or to fair governance of its people.” Both called for international pressure to be brought to bear on the SIF regime. The issue of how to properly distribute the promised money has yet to be resolved.

Georgian-German relations have been strong since 1991 as Germany was the first country to send an Ambassador to Georgia and to open an embassy in the country after Georgia gained independence. Germany has poured a considerable amount of foreign direct investment into Georgian industries and this has been a strong base on which to build further relations.

However, the key to Georgian-German relations has been Russia. While Georgia represents a growing area for Germany to invest in, Russian trade and energy exports far outweigh any potential gains to be had from Georgia. During the 2008 NATO summit in Bucharest, the U.S. called for Georgia to join the Membership Action Plan. Germany, however, opposed this plan, concerned about how it would be viewed in Russia. Yet, in a private communiqué, Germany and a number of other countries reassured Georgia that it would gain entry into NATO once it fulfilled its membership requirements. During the 2008 Georgian-Russian war, Germany and France issued statements concerned over Russian advances into the breakaway provinces and a German-authored plan was even circulated to defuse the conflict, although it never gained traction. Most recently, Germany has expressed interest in playing the role of mediator between Russia and Georgia, seeking to maximize the benefit of relations with both countries. In a series of meetings between Georgian and German officials in November 2013, the two sides discussed a number of issues, including the future of Georgia-German relations and Georgia's relations with the EU and NATO. A special emphasis was placed on improving Georgia's relations with Russia. A high level delegation from Germany also travelled to Moscow in November 2013 to hold consultations with the Russian government.

Relations between Russia and Germany have been referred to as a "strategic partnership", wherein Russia provides natural resources to Germany for power production and Germany provides considerable amounts of foreign direct investment into critical sectors of the Russian economy. This
shared economic exchange has formed the basis for relatively close relations between the two countries, as evidenced by the strong relationships Chancellors Schroder and Merkel had with Russian PM Medvedev. Russia had long considered Germany to be its closest European partner. However, there have been moments of sharp disagreement and tension regarding recent issues such as human rights abuses and freedom of speech protections in Russia. Alongside these moments of tension has been a more chilly relationship between Merkel and newly reinstated Russian President Vladmir Putin, who has pushed a new plan for outside powers dealing with Russian: they are welcome to invest, but interference with domestic Russian affairs will not be tolerated. Merkel’s comments about the arrest and treatment of Russian punk band Pussy Riot provided the perfect atmosphere for the two leaders to trade shots over the role freedom of speech should play in each other’s countries, with Putin even referring to Germans as supporting of anti-Semitic treatment, much to Germany’s dismay. That said, none of the issues has slowed any of the trade between the two countries, with Putin’s spokesperson going so far as to call the $120 billion in annual bilateral trade an “air-bag” to cushion political calls for distancing of ties.

**German-Turkish** relations have had a bright recent history, with influxes of Turkish workers helping fuel German economic growth during the Cold War and leaving behind a diaspora that ensures constant cultural contact between the two countries. Turkey’s inclusion in NATO tightened the relationship. Turkey's hopes for ascension to the EU seemed like the next logical step, but with Germany now overly alarmed at letting more countries into the EU before they are ready, this ascension is now frozen until further notice. While this has caused some strain on the relationship, German and Turkish officials continue to meet often on a wide variety of topics. Germany even provided Turkey with Patriot missile batteries and 400 troops to man then during the Syrian Civil War, providing proof that the NATO bond between the two countries was strong. German officials remain resolute in providing Turkey additional assistance if needed, should further conflict break out on the contentious border between Syria and Turkey. However, German authorities have so far shown little appetite for a full military intervention to unseat the SIF, unless provoked by a clear act of aggression.