

## #BerlinPerspectives

Analysing German European Policy

# A traffic-light shining for Europe

## Prospects after Germany's general elections <sup>1</sup>

by Dr Funda Tekin and Dr Ilke Toygür

- *Even though a 'Jamaica' coalition (CDU/CSU, Greens and FDP) or another eventual grand coalition between the SPD and the CDU/CSU cannot be completely ruled out, it is a 'traffic light' coalition (SPD, Greens and FDP) that will most likely form the next government.*
- *Unsurprisingly, the next German government will be a pro-European one. Yet, its level of ambition on EU policy will likely be determined by the necessity of the circumstances, particularly on foreign and security policy, and the need to foster consensus in a novel three-party coalition constellation.*
- *The next government should try to emphasize to the German public the commonalities between German and European priorities rather than their differences. This would secure German commitment to the integration project for the years to come.*
- *With the increasing tensions when it comes to the protection of the rule of law in Europe, Germany needs to be more outspoken on this issue and to include the rest of the member states to the debate.*
- *Globally, the resilience of the EU for the years and challenges to come should be key. This includes consolidating alliances in the global context and revisiting its neighbourhood strategy.*

Germany went to the ballot box in September for the elections that closed the era of Angela Merkel and the next government is challenged to live up to her legacy. She gained a reputation as crisis manager and mastered the golden rule of European integration, namely settling at the lowest common denominator. This was not necessarily always for the best for all EU member states. In several crises – be it the Eurozone crisis that almost pushed Greece out of the Union or the irregular migration flows in 2015 that ended up with a deal with Turkey – she had it the German way. Then, in 2020, it was Merkel and France's President Emmanuel Macron who opened the way for the most ambitious recovery fund, Next Generation EU.

The road ahead when it comes to the future of the EU is not going to be less bumpy. The next leader of the biggest member state will soon face important decisions. There will also be only little time for on-the-job training as the list of open questions is long, from what to do with fiscal rules to relations with China to the continuity of Next Generation EU, the European Green Deal and the migration pact. So, will continuity or change for Europe come out of Germany's ballot box?

### Takeaways from the elections

The results of Germany's elections were very much in line with what polls had predicted. The Social Democratic Party (SPD) led with 25.7 per cent of the popular vote. The second political force, the conservative Union (CDU/CSU), won 24.1 per cent, down 8.8 percentage points from the 2017 elections. The Greens came in third with 14.8 per cent, followed by the Free

<sup>1</sup> This piece builds on and elaborates further the ideas developed by the authors in the paper [“What's in the German ballot box for European integration? – Continuity and change”](#), Elcano Royal Institute.

Democratic Party (FDP) with 11.5 per cent. The extreme-right Alternative für Deutschland (AfD) lost votes but still won 10.3 per cent while the far-left Die LINKE ended up with 4.9 per cent but was still able to enter the German Bundestag because they won three direct mandates.

Even though a 'Jamaica' coalition (CDU/CSU, Greens and FDP) or another eventual grand coalition between the SPD and the CDU/CSU cannot be completely ruled out, it is a 'traffic light' coalition (SPD, Greens and FDP) that will most likely form the next government. The elections results and recent polls indicate voters' preference for the latter, not least because the three parties involved increased their vote share compared to the 2017 elections. Accordingly, the respective party leaders have engaged in explorative talks and on Friday, 15 October, opened the way for full coalition negotiations to start sooner rather than later. Much will depend on the Greens and the FDP, the kingmakers in the coalition-building process, whose stances on various crucial issues diverge substantially. Yet, in the explorative talks for the traffic-light coalition they highlighted their different traditions and perceptions as an added value rather than an obstacle to forming an innovative coalition.

In any case, the next government will be a pro-European one. And a traffic-light coalition promises a progressive new start for Germany. How much change or continuity this implies for the future of Europe, however, will be determined by the government's ambitions in terms of institutions and values, foreign and security policy with a special focus on transatlantic relations and relations with China, and greener economy and finance.

### **A traffic light shining for Europe**

The least change in Germany's EU policy can be expected in terms of *institutional set up and values*. Generally, Merkel was not known for any grand vision for the future of Europe and her pragmatic approach to advancing European integration where required often clashed with the grand speeches by Macron. In terms of pragmatism, her most likely successor, the SPD's Olaf Scholz, seems to follow in her footsteps. This does not exclude, however, any reform potential when it comes to the future

European integration process. On the contrary, referring to the election manifestos of the three traffic-light parties, there is overall support for areas of reform currently present in the European debate, ranging from the European Parliament's right of initiative or reform of European electoral law to strengthening the role of the High Representative of the Union for Foreign Affairs and Security Policy or abolishing the principle of unanimity in the area of foreign and security policy.

There is also broad support for the Conference on the Future of Europe. The three parties do not exclude treaty changes as a result of the conference. In spite of this general support for the conference, Germany has so far not managed to define a clear position on it. Prospects for a clearer vision can be found in the election manifestos of the Greens and Liberals. Both perceive the conference a perfect launching pad for establishing a federal state of Europe. It will have to be seen how much political energy and capital a traffic-light government would spend on the conference.

One of the tough issues on the next government's to-do list is how to defend the rule of law within the EU and what to do with Poland and Hungary. Standing up to these two countries' governments is not part of Merkel's legacy. Yet, stronger actions against violations of the rule of law can be expected to take source in Berlin under a traffic-light coalition.

The three parties' manifestos clearly express strong commitment to defending European values, including democracy and the rule of law. The Greens highlight the need for an EU mechanism for democracy, rule of law and fundamental rights, and they also demand enforceability of the EU's Charter of Fundamental Rights. The recent ruling of Poland's Constitutional Court rejecting the primacy of EU law has only highlighted the urgent need for action in this field.

In *foreign and security policy and external relations* we can also observe a need for change. Germany's foreign policy approach has been described as that of a 'reluctant hegemon'. A slow transformation process towards acknowledging more leadership responsibility manifested itself after Russia's annexation of Crimea in 2014. This continued with the focus of Foreign Minister Heiko Maas, from the SPD, on how to establish European sovereignty within a multipolar world order or during the COVID-19 pandemic. A traffic-light government is likely to prefer continuity in

various dossiers, but some changes and important steps will be inevitable in view of the ongoing fundamental changes in the world order. In their coalition talks, the three parties acknowledged that Germany has to face up to its global responsibilities.

There are clear declarations in the party manifestos of the SPD, the Greens and the FDP when it comes to the importance of NATO and stable relations with the United States. Historically, Germany's military establishment is rather reluctant on anything that might weaken transatlantic relations. This is why in general the country has never been too enthusiastic about – even if not opposed to – European strategic autonomy. Yet, the next government will have to recalibrate policies and the three parties look like they are willing to do so around what they prefer to call European sovereignty. After the chaotic years of the Trump administration, hopes in Germany had been high that transatlantic relations would be re-established in the traditional sense with President Joe Biden. But the manner of the pull-out from Afghanistan has highlighted that the transatlantic allies should talk and plan for the years and decades ahead. Germany will play an important role in defining European priorities in this regard.

During the early Merkel years, Germany was more critical of China on human rights and sometimes even confrontational, for example, by receiving the Dalai Lama. Over the years, however, its approach softened due to the scope of economic relations. The traffic-light parties also endorse a dual strategy of being tough on China where needed and establishing cooperation where beneficial. Yet, EU-China relations go beyond mere foreign policy, linking up to the economy in general and industrial policy and climate policy in particular. This makes it very difficult for Germany to be explicitly critical on human rights and minorities in China. The Greens and the FDP however have openly criticized the EU's investment deal with China – one of Merkel's priorities during Germany's presidency of the Council of the European Union in the second half of 2021.

On Russia, no coalition government would or could undo the Nord Stream II pipeline – a project that was treated as a strictly economic policy issue by the previous one. The Greens openly oppose it not just because of human rights issues but also for climate and environmental reasons. The FDP suggests

a moratorium for the pipeline as long as Russia has not improved its human rights policy. Despite the decisions about conflict-related sanctions on the country and Germany's support to opposition leader Alexei Navalny in 2020, Russia policy during the Merkel era always showed a high degree of readiness to engage in dialogue. Even though the Greens are ready to consider the possibility of stronger sanctions, no fundamental change can be expected from a traffic-light government, as long as the annexation of the Crimea is not solved.

In the area of *greener economy and finance* the coalition negotiations will see lots of give-and-take that will determine the scope of change in Germany's EU policy. One of the key questions will be the continuation of Next Generation EU. Issuing common debt and meeting the deadline to have the Stability and Growth Pact up and running again are crucial for the future of integration. The SPD and the Greens want to transform the pact into a sustainability pact that focuses more on the facilitation of investment. The FDP, on the other hand, has been quite hawkish on keeping the rules intact. Anyhow, the need for spending not only for the green and digital transitions but also for public infrastructure is uncontested in Germany. The coalition talks have responded to this, while also confirming the expectations that the three parties will neutralize themselves on the issue of the Stability and Growth Pact. They have ended up with a general acknowledgement that the pact is sufficiently flexible and should provide the framework for guaranteeing growth and debt affordability as well as allowing for climate-neutral investments.

On greening the economy, the Greens demand a "climate" government, but the goal of achieving climate neutrality in the EU by 2050 or earlier is shared by the three parties. Their differences concern the means. The FDP and Greens focus on emissions trading systems, but the former favour a market-based approach while the latter aim for state regulations and taxation of CO<sub>2</sub> border adjustments or plastics. The Greens generally promote EU-wide taxation, including of large digital corporations that would help increase the EU budget, whereas the FDP generally rejects EU taxes. The traffic-light coalition can still be expected to clear the way for a greener economy as the SPD shares the other two parties' demand for the EU to receive the revenues of CO<sub>2</sub> border adjustments. More importantly, this issue featured prominently in the

election campaign and gained a great deal of public attention.

### **Conclusions and policy recommendations**

Germany's next government will be more divided than usual. Having three coalition partners will require the next chancellor to balance differences domestically, which might reduce his capacity to act and exercise influence at the European level – at least during the first months of his term. The distribution of ministries among three parties will be key. The ability of the ministries to then cooperate more will impact Germany's capacity to act in the European sphere.

The next German government will nonetheless be a pro-European one. As noted above, no fundamental change in Germany's EU policy is to be expected under a traffic-light coalition, even though the party leaders are determined to pursue a new start for Germany. The next government's progressive approach will be in line with the post-COVID-19 European spirit. However, how courageous it will be in advancing integration will have to be seen.

All in all, Germany's next government is expected to play a constructive role in Europe, choosing wisely between continuity and change. The following recommendations could guide it.

- The next government should try to emphasize to the German public the commonalities between German and European priorities rather than their differences. This would secure German commitment to the integration project for the years to come. The fight against climate change and the digital transition are important agenda items that could lead to synergies on both levels.
- The chemistry between Berlin and Paris will continue to play an important role when it comes to the future of European integration. Even if there are structural differences between France and Germany when it comes to policy-making, the need for collaboration is clear. However, against the background of increasing fragmentation in the EU, Germany should do more to include other countries – such as Italy, Spain and the Netherlands – in the equation.
- The next government should look for ways of

putting Germany's weight behind the European Commission when it comes to important dossiers like climate change. Intergovernmental leadership is good, but supranational institutions should be supported.

- The next government should also formulate a clear position on the Conference on the Future of Europe in order to make the most of this format and to actively contribute to shaping the EU's institutional reform agenda.
- The relations between Brussels and the Central and Eastern European member states have always been very much dependent on Germany's attitude. With the increasing tensions when it comes to the protection of the rule of law in Europe, Germany needs to be more outspoken on this issue and to include the rest of the member states to the debate.
- Globally, the resilience of the EU for the years and challenges to come should be key. To this end, its strategy in key regions of the world should be revisited. A push for consolidating alliances in the Indo-Pacific is very much needed. The EU should also revisit its neighbourhood strategy in light of the fact that the enlargement policy is not bearing the results it once did.
- Last but not least, there is a historical tension between those who favour creating 'coalition of the willing in the EU' and those who stress 'not leaving anyone behind'. Germany under Merkel was mostly in the second camp. The next chancellor should be more open to alliances inside the Union for advancing in key areas of integration. This, nonetheless, should be done in line with European solidarity.

*This #BerlinPerspectives reflects the author's views only.*

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