

Schuman Paper  
n°792  
27<sup>th</sup> May 2025

# The new German government – a turning point for Europe?

Stefan SEIDENDORF

Many observers believe that the new German government will lead to a 'new start' for Europe and a 'new dynamic' for the 'Franco-German engine'. During the election campaign, in the coalition agreement and since taking office, those involved have developed and aggressively promoted corresponding policy points. To achieve Europe's ability to take action, they are relying heavily on initiatives by member states, in particular Franco-German and Franco-German-Polish cooperation. The new federal government is certainly willing to provide the necessary instruments and resources to meet the current challenges, but it is not yet clear whether this will strengthen the European Union, for example through joint financing instruments. The question remains as to whether the desired goals can be achieved, especially given the unstable domestic political situation in Germany and other EU member states.

## 1. POSITIONING: A EUROPEAN AMBITION

The new Chancellor had already focused a great deal on foreign policy issues during the election campaign. The urgency of the situation, which is primarily due to Russia's war of aggression against Ukraine and then Donald Trump's inauguration as President of the United States, is reflected in the coalition agreement. The main thing for everyone involved is that dealing with these challenges requires European unity. At the same time, they highlight Germany's special responsibility for making sure Europe can act.

### 1) The candidate

Friedrich Merz had already had a long political career behind him when, at the age of 69, he was elected the tenth Chancellor of the Federal

Republic of Germany. A lawyer by training, he began his career in the European Parliament (1989-1994) and still claims a special affinity for the EU, as he demonstrated most recently during his inaugural visit to Brussels on 9 May 2025. After initially withdrawing from the Bundestag in 2009 following a dispute with Angela Merkel, he spent a long time working in the financial sector. He points in particular to his role as Chairman of the Supervisory Board of BlackRock Asset Management Deutschland AG from 2016 to 2020 as proof of his economic and corporate expertise and his international and transatlantic network.

During the federal election campaign, Friedrich Merz used foreign and European policy to raise his profile and put pressure on the incumbent. He claimed that [the incumbent had not pursued a proactive European policy](#) and had paid too little attention to German-French relations. In view of developments following Donald Trump's inauguration, Friedrich Merz became even more explicit. [During a TV talk show](#) after the election, he declared Europe's independence from the US to be an 'absolute priority'.

### 2) The coalition agreement

The 144-page [coalition agreement](#), which was decided between the CDU-CSU and SPD following the Bundestag elections, is the result of a [negotiation process involving 256 representatives](#) of the three parties. This process allowed the main players, who had been at loggerheads during the election campaign, to develop a joint programme. Headlined 'Responsibility for Germany', it contains compromises that reflect broadly agreed developments and redefinitions of positions.

The chapter on Europe covers a large number of issues on which the partners involved have reached compromises. Particular attention has been paid to European competitiveness (line 4330). Without commenting on the ongoing reform debate<sup>[1]</sup>, it is emphasised that competitiveness within the EU internal market must be achieved through innovation, not through tax dumping between Member States (4333). Another important issue is the creation of a European Energy Union (4338), with the focus of consideration clearly on aspects that lie in the shared responsibility of the participating countries and the EU, such as cross-border electricity infrastructure.

The coalition agreement then goes into more detail on the EU's 'strategic sovereignty' (from 4395). This [concept](#), first developed by French President Emmanuel Macron in 2017 and only [discussed in detail in the German debate somewhat later, now occupies a prominent place](#): *"In view of this geopolitical turning point, Europe must develop comprehensive strategic sovereignty. Key technologies, energy security, digital sovereignty including European platforms, protection of critical infrastructure, resilience and our own capabilities to defend ourselves hold out in global systemic competition are central to this. We are committed to a European Defence Union to strengthen the European pillar of NATO. We want a genuine single market for defence equipment with common export rules and close cooperation on planning, development and procurement..."* (4404).

This has been accompanied since the election campaign by calls for a less bureaucratic EU (4347-4348). The most important elements of this European programme have been discussed for some time in France, particularly in President Macron's camp (competitiveness, energy union, strategic sovereignty, etc.). This even applies to the method, with President Macron proposing a 'new pact' to Germany back in 2017, to further develop the EU through initiatives by its member states. On the other hand, the issues under discussion have long been characterised by differences between France and Germany, particularly in energy policy, the question of further free trade agreements (Mercosur) and the direction of EU aid policy. Here, the

structure that has shaped the EU to this day has once again become apparent: Opposition between France and Germany on key issues is hindering or paralysing joint decision-making in the EU. Conversely, this means that Franco-German compromises and cooperation are a prerequisite for the further development of the EU.

## 2. THE METHOD: FRANCO-GERMAN IMPETUS FOR EUROPEAN CAPACITY TO ACT

With a view to implementing the agenda outlined above and, in particular, responding to the challenges posed by the 'geopolitical turning point,' the coalition agreement therefore emphasises the need for Germany to pursue an active European policy (4304), closely linked to the continuing 'outstanding importance' of 'Franco-German friendship' 'for the whole of Europe' (4310). The new federal government attaches particular importance to a strong and democratic EU and wants to 'exploit all possibilities to strengthen the EU's capacity to act and its strategic sovereignty' (4304). This is an even clearer move towards the ideas and even the vocabulary that President Macron has been emphasising relentlessly since his Sorbonne speech in 2017. Whereas in the [2021 coalition agreement, one can find explicit](#) reference to the 'community method' (2021:104) or the further development of the EU 'into a federal European state' (2021:104), the focus now is on action by member states. Closer coordination with France and Poland in particular are intended to strengthen European integration.

### 1) The return of the "Franco-German engine"?

On 26 February 2025 just three days after the federal election, even before his election as Chancellor on 6 May, Friedrich Merz and French President Emmanuel Macron met at the Élysée Palace. A second meeting took place on 6 March. For most observers, these meetings stood in stark contrast to the encounters between Chancellor Olaf Scholz and Emmanuel Macron. The newspaper [Le Monde](#) noted: *"The two leaders are keen to kick-start the Franco-German engine, given that relations between the head of state [Emmanuel Macron] and outgoing Chancellor Olaf Scholz have never been smooth."* At this first

[1] See in particular the reports by Enrico Letta (2024): ["Much more than a market"](#) and Mario Draghi (2024): [The Future of European Competitiveness—A Competitiveness Strategy for Europe](#).

meeting, Friedrich Merz spoke of a "historic moment" and stated: *"Together, our countries can achieve great things"*.

On the occasion of the 'official inaugural visit' to Paris on 7 May 2025, the two politicians published [a long joint text](#) that appeared in several European daily newspapers and addressed the topic of a new beginning: *'... we have agreed on a comprehensive agenda to realign our relationship and strengthen Europe.'*

It is striking that the two main actors seem to share a common understanding of the mode of operation of Franco-German cooperation: France and Germany must reach compromises on important political decisions to prevent deadlock and enable the EU to move forward: *'We will make the most of the Franco-German coordination reflex to make Europe more sovereign, with an emphasis on security, competitiveness and convergence.'*

In addition to this fresh momentum, the new German government is paying special attention to its eastern neighbour Poland. Warsaw was the second stop on the new Chancellor's European tour on 7 May. However, intergovernmental cooperation was primarily discussed in terms of 'reviving' the Weimar Triangle – i.e. involving France in a three-way arrangement. The coalition plans to establish closer cooperation and coordination with these countries in the run-up to EU decisions. Other close partners are also to be included in [an expanded 'Weimar plus' format](#).

Given the uncertain outcome of the Polish presidential election, it remains to be seen whether this approach can establish itself permanently as a political format that will provide important impetus for European politics. The political urgency in security and defence policy would seem to suggest so. On the other hand, the Weimar Triangle still lacks the binding continuity of format and administrative infrastructure that characterise, for example, the Élysée Treaty and the political process institutionalised at that time. Last but not least, the question arises as to how the other member states will respond to the self-declared claim

to leadership and under what conditions they are prepared to accept it.

## 2) Ability to act

In addition to bilateral and trilateral coordination of European policy between member states, the coalition agreement contains further elements designed to improve or establish the EU's capacity to act. The coalition agreement does not rule out the possibility of treaty reform (of the TEU and TFEU). However, less costly instruments (the 'passerelle clauses') should be used first to transfer further areas of EU policy to qualified majority voting. Explicit mention is made (4008) of the Common Foreign and Security Policy (CFSP) and the ambition to assume a 'leading role' in the Common Security and Defence Policy (CSDP) (4011). Here, too, the possibility of acting in certain cases in intergovernmental formats (with the United Kingdom and France) outside the EU is not ruled out. To ensure the ability to act and avoid blockades by individual member states, the coalition is also committed to a 'Europe of various speeds' (4414), which has not been advocated so aggressively by Germany since Karl Lamers and Wolfgang Schäuble's push for a 'core Europe' in 1994.

## 3. INSTRUMENTS AND MEANS

To implement its ambitious goals and fulfil its intended role within the European multi-level system, the new federal government will ultimately need the necessary resources. These are not only material and financial in nature, but also relate to the political coordination process within the federal government and the German federal system.

### 1) A coherent European policy

The last federal government in particular had to contend with a phenomenon that has long been known by the ironic name of '[The German Vote](#)': the coordination processes in a coalition government, between formally autonomous ministries, are so complex that it is sometimes impossible to instruct the German representatives in the EU Council to adopt a

clear German position, with the result that Germany has to abstain from voting. In the last legislative period, this affected, among other things, the votes on the ban on combustion engines in new cars and the directive on corporate sustainability due diligence ([Directive 2024/1760](#)); in both cases, the coalition partner FDP demanded that the compromise package agreed by the 27 member states be reopened after the agreement in the Council.

The CDU has now succeeded in filling all ministries relevant to European policy. For the first time since Foreign Minister Gerhard Schröder (1961-1966), a CDU politician, Johann Wadephul, will once again become Foreign Minister. At his side in the Foreign Ministry is Gunther Krichbaum<sup>[2]</sup>, Minister of State for Europe. In the Ministry of Economic Affairs, the new Minister for Economic Affairs and Energy, Katharina Reiche, will attempt to overcome 'the longest crisis in the history of the Federal Republic of Germany' and, to this end, will give 'top priority' to energy policy. She also wants to start negotiations on new free trade agreements. Finally, in his first government statement to the Bundestag on 14 May 2025, [the new Chancellor set important priorities in foreign policy](#) and made it clear that he would also play a role in intra-European coordination.

To this end, the new government has agreed to coordinate European policy centrally in the Federal Chancellery in the future (4543-4552). Should disputes arise between ministries ('departmental disputes'/ Ressortkonflikte), the plan is to resolve them in the Federal Cabinet, i.e. at the highest political level of the Federal Government. This approach, which is new for Germany, underscores the importance that European policy and the Federal Government's position in the decision-making processes in Brussels are to have in the future.

## 2) Investments, debt brake, but no European debt

Finally, how willing is the new federal government to provide the necessary resources to implement the goals it has set itself and to establish 'comprehensive European capacity to act'?

The so-called 'debt brake' introduced into the constitution in 2009 aims to ensure a balanced public budget in the medium term and prevent the risk of excessive public debt. In practice, however, it has led to an investment backlog in public infrastructure in recent years, which experts at the Cologne Institute for Economic Research estimate at €600 billion, for example, while the German Institute for Economic Research (DIW) in Berlin calculated a need for at least €100 billion over the next four years before the federal election.

Immediately after the federal election, a one-off 'special fund' was therefore approved, an investment package worth €500 billion. In addition, [it was decided to suspend the debt brake rules for defence spending in the future](#) and to reform the debt brake itself at a later date.

The effects of the enormous special fund, which is to be invested over a period of 12 years and of which €100 billion will go to the climate and transformation fund and €100 billion to the federal states, are not yet clear: The DIW estimates that the special fund will have positive effects on economic growth, particularly from 2028 onwards, when the additional growth stimulus provided by the package could lead to an average 2% increase in economic growth in Germany.

Less discussion has so far focused on the impact these public investments will have on the EU as a whole. On the one hand, it can be assumed that stronger growth in the EU's largest economy will also have a positive effect on other economies through economic interdependence and value chains. On the other hand, critics have argued that the huge loans Germany will need to take out will lead to higher interest rates on the financial markets. [This could make it more difficult for other EU countries](#) to borrow money and finance necessary expenditure through public debt.

However, the new federal government has confirmed that Germany will 'continue not to assume liability for the obligations of other Member States' (4366). This at least leaves open the possibility of providing more funds for the EU budget, but the coalition agreement

<sup>[2]</sup> Member of the Board of the Robert Schuman Foundation

is not very specific in this regard: the new 'multiannual financial framework must take into account the challenges and demands of a geopolitically capable EU' (4361), to which Germany intends to make an 'appropriate contribution' (4360). Cohesion policy is discussed in detail with a view to strengthening competitiveness and innovation, including in structurally weak regions (from 4378).

#### 4. CONCLUSION IN THE LIGHT OF INTERNATIONAL CHALLENGES AND UNSTABLE DOMESTIC CONDITIONS

What conclusions can now be drawn about the future role of the German government in European policy?

##### 1) International challenges: the time remaining

On the one hand, the current situation is characterised by a high degree of urgency, particularly with regard to political decisions and, above all, joint European decisions. At the same time, the existing problems are also marked by political tensions.

This applies, for example, to the energy transition and climate policy, which are clearly receiving less attention in the coalition agreement than they did in 2021. However, neither climate change nor the adaptation of the European economic model will tolerate long-term delays. Rapid and decisive action is therefore required here. This applies first and foremost to the energy transition, the successful implementation of which requires further European networking, the expansion of European (transnational) infrastructure and the further development of framework legislation[3], particularly for the electricity market. The goal of a "European Energy Union" mentioned in the coalition agreement goes in this direction. However, it presupposes that France and Germany find a compromise on how they will deal with their different national energy strategies in future.

The geopolitical situation also requires swift and decisive action at European level, primarily with regard to our own defence capabilities and continued support for Ukraine. Given the lack of adequate tools at EU level

to date, the focus here will be on rapidly developing new cooperation formats. France and Germany will play a key role in this, including with regard to the question of how (and which) other countries can be part of such an alliance. The discussions on the future role of NATO will very quickly reveal whether France and Germany are able to reconcile their different preferences and develop a concept that can win the approval of other Europeans and provide answers to the military challenges.

In addition to security and defence policy, the question of Europe's position in shaping a future world trade order is a high priority. The tariff conflicts triggered by the American president are only part of the problem. The EU itself is undecided on how it wants to position itself in future free trade agreements. Here, too, the core issue is a Franco-German divide, which is currently evident in the handling of the Mercosur agreement.

##### 2) Unstable conditions: the challenge posed by populists

However, progress on all these issues and decisions does not depend solely on the political will of the new federal government or even the chancellor at the head of the government. Due to the domestically instable political situations in many EU member states, particularly in France and Germany, the relevant actors only have limited scope for action available.

While the French constitution grants the president considerable powers in foreign and security policy, as well as in European policy, the question remains as to how much leeway the French government has in the absence of a parliamentary majority and given the high budget deficit when it comes to costly compromises in the aforementioned policy areas.

The same applies to the German government: the broad social consensus on European policy that has existed to date no longer holds true[4]. With 151 members, the far-right, anti-EU AfD (*Alternative für Deutschland*) is now the second-largest party in the Bundestag after the CDU/CSU and the largest

[3] [Regulation \(EU\) 2024/1747 of 13 June 2024 and Directive \(EU\) 2024/1711 of 13 June 2024](#)

[4] Wilson, Carole (2008). [From 'Permissive Consensus' to 'Constraining Dissensus': A Polarizing Union?](#)

## The new German government – a turning point for Europe?

---

opposition party. At the same time, following the initial failure of Friedrich Merz's bid to become chancellor, doubts remain about the stability of his governing coalition.

The new "black-red" coalition (CDU-CSU et SPD) government now faces the challenge of positioning Germany in a changing Europe. The government's European ambitions, particularly in foreign policy, the revival of the permanent Franco-German search for compromise, and the willingness to involve other member states in the further development of the EU are central elements of this realignment.

The paradigm shift in debt and investment policy could provide the necessary leeway in domestic policy to take a more proactive stance in Europe. On the other hand, however, the effects of the debt-financed growth package on the EU economy as a whole remain to be seen, with much depending on how the federal government manages to combine national interests with European ambitions.

---

**Stefan Seidendorf**

Deputy Director, currently Managing Director,  
Franco-German Institute (dfi)

You can read all of our publications on our site:

**[www.robert-schuman.eu/en](http://www.robert-schuman.eu/en)**

Publishing Director: Pascale JOANNIN

ISSN 2402-614X

The opinions expressed in this text are the sole responsibility of the author.

© All rights reserved, Fondation Robert Schuman, 2025

---

**THE FONDATION ROBERT SCHUMAN**, created in 1991 and acknowledged by State decree in 1992, is the main French research centre on Europe. It develops research on the European Union and its policies and promotes the content of these in France, Europe and abroad. It encourages, enriches and stimulates European debate thanks to its research, publications and the organisation of conferences. The Foundation is presided over by Mr. Jean-Dominique Giuliani.