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Turning the EU into a Life Insurance Policy

German European Policy in Times of Upheaval

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Germany's international and European policy environment is changing drastically. This necessitates a reorientation of Germany's European policy. The European Union (EU) is becoming increasingly important for Germany as a powerful community of action and should be further developed into an economic and security life insurance policy for Germany and the EU's other member states. In the coalition agreement between the CDU/CSU and the SPD, the new governing parties are claiming a pragmatic leadership role for Germany in European policy. To realise this ambition and advance key policies that are crucial for European self-determination, the new government should provide leadership that is marked by enhanced European policy coordination, grounded in an expanded partnership strategy, and aimed at strengthening the Union's overall capacity to act.

The collapse of transatlantic certainties, combined with the continuing threat from Russia, requires Germany and its transatlantic-oriented socialised elites to fundamentally rethink their principles. It is the EU and cooperation with key partners that must guarantee security, prosperity, and freedom in the future and create solidarity between states and societies.

In order to provide leadership and foster its own interests in a strengthened EU, Germany should design a European policy that does not cling to an outdated status quo or merely focus on maintaining EU unity. Germany should leverage its influence to develop the EU into a life insurance policy for all member states, thereby becoming a strong partner for neighbouring countries.

This requires significant political and financial investment to safeguard security, economic competitiveness, and the European model of society and democracy. The EU is the cornerstone of Europe's ambition for strategic autonomy — understood as "the ability to set one's own priorities and make one's own decisions in matters of foreign policy and security, together with the institutional, political and material wherewithal to carry these through — in cooperation with third parties, or if need be alone" (as defined in SWP Research Paper 4/2019). The goal is to increase investment

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in common public goods and establish the framework for a competitive, modern European economy.

The EU has long been the central platform for Germany to develop regional and global regulations, and thus assert its interests worldwide. The policy areas that are mainly shaped through the EU range from (foreign) trade, climate and the environment, securing energy and raw materials, health, cyber security, artificial intelligence and digitalisation, to traditional diplomacy and conflict management. However, geopolitical and power-political strategies based on threats, military force, and territorial expansion are challenging this cooperative form of multilateralism and the EU community method more than ever.

In its coalition agreement, the new German government outlines a European policy with a great deal of pragmatism, a considerable claim to leadership, and no great vision. Its guiding principles are self-assertion and strategic autonomy. The fact that the parties have avoided drawing any red lines shows that they want to retain the necessary room for manoeuvre.

Tectonic changes within the EU

To assess this claim to leadership, it is necessary to look at the new balance of power in the EU. Traditionally, the EU's centre of power has been the Franco-German alliance. However, recent changes have weakened this traditional core. Initially, the EU's eastward enlargement created a new eastern periphery, while the financial crisis strengthened Germany's influence but weakened southern eurozone states. Similarly, Brexit initially appeared to reinforce the Franco-German core. However, the relationship between the EU's centre and its periphery has since significantly changed, driven mainly by three developments.

New political majorities in Europe

Firstly, the rise of "Eurosceptic" or national sovereignist tendencies is now a phenomenon that characterises everyday politics across the EU. Today, various parties to the right of the European People's Party (EPP) are represented in the national parliaments of 24 out of 27 EU member states (all except Ireland, Malta, and Slovenia). Two national governments without a clear majority in Parliament are tolerated or indirectly supported by far-right parties (France, Sweden). In three other states, far-right parties are included as junior partners in governing coalitions (Finland, Croatia, Slovakia), and in five they lead the government. Some of these parties are following a moderate-constructive course (e.g. Belgium, Czechia, and Italy somewhat) along the lines of the national-conservative group European Conservatives and Reformists in the European Parliament (EP), while others are clearly anti-EU as part of the Patriots for Europe group (e.g. Hungary, Netherlands, see SWP Comment 8/2024).

Put another way, even if far-right parties do not form a unified bloc, their support is often necessary for the adoption of many EU decisions. They are also a relevant factor in qualified-majority decisions and legislative procedures, albeit they currently do not have a blocking minority. In the EP, there is more than just a mathematical majority of far-right and centre-right parties. They have already voted together several times in the current legislative period.

The new majority structure puts the EPP in a pivotal position. In the European Council, 12 heads of state and government belong to the EPP party group; in the European Commission, 13 of 27 members are in the EPP. In Parliament, the EPP can choose between two majority options: voting either with the centre-left and liberals, or with the various far-right groups.

New dividing lines and coalitions

Secondly, the war in Ukraine has created new dividing lines, but also new cooperation dynamics. In the shadow of the Russian threat, which continues to be perceived in different ways, several member states have become drivers of security and defence policy.

New networks and coalitions have emerged, such as a north-eastern grouping focused on security policy in the broader Baltic region (Poland, the Nordic-Baltic states), as well as a loose coalition of economic and trade policy interests between eastern and southern member states, including France. The even greater focus on security and defence as a result of changes in the transatlantic partnership will reinforce this shift in the balance of power. Defence spending, the strength of the defence industry, and military capabilities — such as France's nuclear forces — will be more prominent determinants of power in the EU.

Thirdly, structural economic conditions have changed due to a significant redirection towards decarbonisation, new technologies, and global trade conflicts. Germany, which was able to leverage its economic strength during and after the financial crisis, now faces demands for greater political influence from countries with resilient and rapidly growing economies, both in the east (Poland and other eastern central and south-eastern European countries) and the south (Spain).

In addition, the US President's volatile trade policies affect EU member states differently. Germany is particularly vulnerable and will need to engage in proactive diplomacy in various capitals to garner political support for potential countermeasures. Technological changes also pose a challenge to key European and German industries, increasing uncertainty about the alignment of economic and industrial policy interests within the EU. In any case, the clear dividing lines between ordoliberal- and etatistic-orientated states are fading.

Taken together, these three trends mean that German or Franco-German leadership capabilities are increasingly insufficient.

At the same time, uncertainties regarding the transatlantic relationship and ideological parameters are creating new opportunities for external actors to exert influence. Although the United States remains a partner of the EU, it is increasingly displaying the behaviour of a rival and opponent. Sovereignist and nationalist governments feel an ideological affinity with the current US administration, which is intervening directly in the internal affairs of EU member states, in favour of the positions of far-right parties. This includes vocal support for the far-right AfD in Germany from the United States. European states that have thus far relied primarily on NATO and US security guarantees might prefer the decades-long defence policy ties with the United States to new EU initiatives that offer a more independent defence policy — in light of the targeted efforts by the Trump administration to sow division and make transactional overtures. China is offering itself more than ever as an alternative to the hegemonic US order, and it is seeking to expand its economic influence in many sectors as well as investing in transport and other infrastructure. Russia, on the other hand, can rely not only on anti-Western movements worldwide, but also on a few European leaders who are also seeking a "normalisation" of economic exchange, with a view to a rapprochement between Washington and Moscow.

Thematically flexible partnerships for European policy interests

Germany's current core interests in European policy are primarily to improve the EU's resilience and defence capabilities, enhance the competitiveness of Germany's and Europe's economies, secure Germany's trade interests as an exporting nation, and gain control over migration flows. To advance these interests, Germany must demonstrate leadership by forging new coalitions in order to make progress, even if it involves risks, rather than just reactively organising a presumed European political consensus.

The volatile external and internal European environment necessitates ambitious, agile, and thematically focused partnership strategies. Although Germany must maintain its ability to engage with all parties, it should prioritise impactful and forward-looking coalitions ("coalitions of the will-

ing") when necessary. Achieving tangible progress should be prioritised over maximising EU cohesion.

Weimar Plus in security policy

Security policy is about creating defence industrial capacity as quickly as possible, building up military capabilities, and demonstrating crisis response capability, credibility, and unity to the outside world — be it towards Russia or the United States. The group of five European "heavyweights" (Germany, France, Poland, Italy, and sometimes Spain) plus the EU's external representation — supplemented by the United Kingdom — possesses the necessary normative scope, defence policy, arms industry, and military capabilities for this purpose. This so-called Weimar Plus format should meet on an ad hoc and informal basis at the level of heads of state and government and foreign or defence ministers in order to implement decisions quickly. It can at times also encompass other additional countries as part of the "Plus" to the core of France, Germany, and Poland. Like the E3 in the negotiations with Iran on a nuclear agreement, the group could also be a factor in negotiations with Ukraine, the United States, and potentially Russia, performing a fiduciary role for the Europeans.

Weimar Plus would be useful as a format for coordinating broad lines and diplomatic initiatives. This applies in particular with regard to the consolidation of a European position in NATO. However, the Weimar Plus format should not become a permanent subsidiary of the European Council or a directorate. Nevertheless, discussions about a European Security Council will gain momentum, and Germany should actively participate. From a German perspective, a pragmatic use of the Weimar Plus format would be preferable to a primarily institutional debate, thereby allowing other European states to join based on their specific needs and priorities.

The EU system remains indispensable for the implementation of conclusions or decisions taken by EU governments. This is another reason why EU leaders, the High Representative, the President of the Commission, and the President of the European Council should be involved in Weimar Plus meetings and processes. Smaller states or their representatives (e.g. of the Nordic-Baltic Eight) should always be included when the issue justifies it. This also sends a signal of commitment to the outside world. Within this format, Germany can take initiative itself or set the pace together with France and/or Poland.

Economic competitiveness and economic partnerships

In European economic policy, the new German government's coalition treaty has a strong overlap with the EU's competitiveness compass. To achieve its aims regarding competitiveness, Germany should forge alliances with member states interested in strengthening traditional industrial sectors and with which the German economy has strong ties (eastern central Europe, Romania). Simultaneously, close coordination should be pursued with countries receptive to a more pro-active industrial policy, such as France and Italy (through a renewed Franco-German Manifesto for Industrial Policy and trilateral coordination). A third approach involves partnerships with countries that maintain high innovation potential (northern European countries, the Baltic States, the Netherlands, Ireland, and the "New Hanseatic League"). In preparation for negotiations on the Multiannual Financial Framework (MFF), an early effort should be made to reconcile interests with the "frugal" countries of northern Europe, as well as the Netherlands and Austria. Germany cannot expect to rely on permanent majority coalitions in trade and international economic policy. External attempts to create divisions (e.g. by the United States), conflicting interests (such as dependence on exports to China and other markets), and differing interpretations of the international order (e.g. by Hungary and Slovakia) will necessitate the pursuit of selective and tem-

porary partnerships. Beyond its core liberal orientation, the EU will need to geopoliticise and secure aspects of its trade and economic policy within the global landscape. Germany should not only contribute to defining this direction through its economic influence, but also actively shape it politically.

Stabilise asylum and migration policy

The dynamics of European migration policy are confusing. Since the adoption of the Pact on Migration and Asylum, various coalitions — led or inspired by countries such as Italy, Denmark, Poland, and Greece — have introduced numerous new proposals and initiatives. Germany, conversely, should serve as a stabilising force and prioritise the implementation of existing measures aimed at improving migration management. This stance presents ongoing challenges. Divergences in the implementation of stricter migration and asylum policies will persist, particularly concerning rejections at internal borders and further restrictive measures at the EU level, such as the establishment of return centres in third countries and the suspension of asylum applications at external EU borders. Germany's essential interest in a stable and functioning Schengen zone is paramount. At the same time, more pressure must be exerted on other EU states to ensure that they strictly apply the applicable law, including in matters of responsibility-sharing for asylum seekers. Instead of maintaining and extending internal border controls and unilateral measures to shift more asylum applicants to Germany's neighbours, a proportionate tightening and deepening of the EU's return policy can be used here to restore more intra-European cooperation, especially with Italy.

Cooperation strategies

Germany does not consider the transfer of competences and treaty changes as taboo if they enhance the EU's legitimacy and capacity to act. However, many national governments are more than reluctant about the EU's evolution into a political union. Nevertheless, unlike the United Kingdom, they will not withdraw (voluntarily). Consequently, Germany will need to engage with "difficult partners" on an individual basis. Cooperation with such "non-like-minded states" necessitates a nuanced approach. Furthermore, engaging with "dissident" states on a case-by-case basis may mitigate their inclination to form coalitions or blocs against Germany. Here, the German government should capitalise on the differences between various far-right parties, also by continuing to draw a clear line with regard to radical anti-EU parties.

There is also the ongoing task of integrating and involving the smaller member states. The new relevance of security in European politics tends to strengthen the political weight of larger member states, which can bring in resources that matter for defence policy, armaments, and military strength, all the way up to France's special role as nuclear power. By approaching smaller partners on this issue in particular, Germany can both contribute towards strengthening unity, and also increase its credibility and improve its chances of assuming the lead. To this end, bilateral dialogue formats must be consolidated and framed in terms of European and security policy.

Flanked by strong EU institutions and national coordination

Strong institutions are essential for an effective EU. They also provide a safeguard against political crises in individual member states, particularly in areas where qualified majority decisions are possible. It is equally important to acknowledge that most EU member states oppose both a significant leap towards a federal state, especially given the current pressures, and treaty changes. Political goals set out in the recent German coalition agreement — such as the extension of majority voting (see SWP Comment

16/2024) and institutional reforms in anticipation of the next enlargement — remain long-term objectives. In any case, the new government's positions on EU enlargement fit in with the overall pragmatic-gradualistic approach. Berlin's main focus is on gradual de facto integration before full membership. The EU system has demonstrated its capacity to evolve even without treaty changes during the crises of recent years — a factor that Germany should consider in its European policy (see SWP Studie 11/2024). The European Council has become the political centre of the EU. Either the 27 members succeed in reaching a consensus there or core new policies and reforms will fail or be put on the back burner. How the Federal Chancellor presents himself in the European Council, the tone he sets, and the content he advocates largely determines how German European policy will be perceived by peers in Brussels and the public.

Strengthening European policy coordination

The new German government wants to improve European policy coordination. The Head of the Federal Chancellery is to convene a weekly "EU monitoring" meeting of state secretaries to proactively identify and resolve interdepartmental and intra-coalition conflicts concerning EU projects. Cross-cutting issues such as the MFF and new EU defence policy initiatives should be addressed directly at the cabinet level. This is at least as important as the installation of a National Security Council within the Chancellery.

The "German vote" phenomenon — characterised by abstentions due to internal coalition and departmental disagreements, and last-minute shifts in negotiating positions resulting from internal disputes — has undermined German interests in Brussels. Although it is a key actor that many partners look to for direction, Germany has complicated decision-making in significant instances. For the first time, three of the four key ministries for EU policy — the Chancellery, the Foreign Office, and the Ministry of Economy — are led by the chancellor's party (CDU), with the fourth being the Finance Ministry. The Chancellery will not be entirely responsible for coordination, but this setup has the potential to make Germany's EU policy more agile and coherent. For this, the head of the Federal Chancellery in the rank of a cabinet minister, and the chief coordinator of EU dossiers, would have to work closely with the Chancellor's sherpa, who prepares the European Council and the G7 meetings, for example. This person will be a key interlocutor for the sherpas of other EU leaders. In close coordination with the permanent representation in Brussels, the coordinators of German European policy should therefore resolve internal coalition differences at an early stage and also launch (or prevent) initiatives together with partners. The critical precondition for any improvements to the coordination process is that all partners of the governing coalition commit to reaching common positions on key European dossiers early and maintain a common line in subsequent negotiations.

Supporting the European Commission

The von der Leyen II Commission assumed office with enhanced authority, bolstered by the crises of recent decades and the relative weakening of the Franco-German partnership. Concurrently, many member states have grown increasingly wary of the Commission. Significant reforms to the EU budget, new defence policy funding, and powers to allocate funds and oversee spending could further consolidate the Commission's position relative to member states.

However, regarding the Commission's role as a neutral arbiter within the EU, Germany should insist on shielding policies from the increasing politicisation on the part of the Commission's leadership. This includes the initiation and consistent enforcement of infringement proceedings. At the same time, cooperation with the EP has also become more complex. Its changing

majorities now create more uncertainty, but they also offer scope for forming new coalitions in legislative and budgetary negotiations, for example to strengthen competitiveness.

Specifically, major decisions concerning key projects — in areas such as security and defence policy, competitiveness, and climate and migration policy — should be carefully prepared early on, with Germany assuming a co-leadership role. This will help align the Commission with a solid consensus among member states and enhance the legitimacy of its work. The Commission, in particular, should strive to ensure that its proposals secure stable majorities in the Council and the EP that exclude radical and anti-EU parties. As a member of the European Council, the Commission President can be involved in building this political consensus from the outset, gaining insights into the general direction. Furthermore, the German government should emphasise to the President that empowering the High Representative, Kaja Kallas, in her dual role within the Commission and the Council would enable her to act more effectively on the external stage and speak authoritatively for the 27 member states. Therefore, external action dossiers must be coordinated with her. Regarding the President of the European Council, António Costa, a clear and pragmatic role as the EU's highest-level representative needs to be defined, particularly with a view to external actors, such as when the Weimar Plus format comes into play when dealing with the United States or in negotiations involving Ukraine.

In favour of pragmatic but ambitious functionalism

With the end of the Pax Americana, a new era is dawning for the EU (see SWP Studie 3/2025). It is in Germany's vital interest to develop the EU into a life insurance policy for its security and economic competitiveness as well as a key guarantor of constitutional resilience across member states. This transformation must occur swiftly and be tailored to specific policy areas. Germany has played a major role in shaping the EU's existing institutions, procedures, and policy areas. They reflect traditional German preferences and are the result of continuous German involvement in the context of treaty amendments and EU enlargement. Germany has gained a lot, and thus also has much to lose. Consequently, Germany frequently acts as a force defending the status quo and the *acquis*, prioritising cohesion and the EU's functional capacity. For instance, during the Brexit negotiations, the German government consistently backed EU negotiator Michel Barnier's stance and opposed London's "cherry-picking" strategy. In the sovereign debt crisis, Berlin firmly resisted calls for joint debt.

However, Germany has not always been a model of compliance. It has violated EU rules and pursued its own course when its economic strength permitted or when decisions were deemed matters of national interest. Furthermore, the reality that significant progress within the EU is seldom achieved without or against Germany encourages a cautious and passive approach from Berlin. To regain a leading role in the EU, the German government must articulate clear political positions in Brussels.

Priorities for a proactive German European policy

If Germany wants to recapture a leading role in the EU, the German government should adopt clear political positions in Brussels. In a world of rapid change, there is a need for a European policy that combines the will, capacity, and speed to act. Following are three key recommendations.

First, the will to act is demonstrated when the Chancellor and ministers maintain a strong interest in EU affairs and present unified positions. The German government aims to substantially improve interministerial coordination on EU matters. The new "EU monitoring" mechanism, overseen by the Head of the Federal Chancellery, should be utilised to resolve inter-

nal disagreements at the cabinet level regarding significant and cross-cutting issues as early as possible, and to establish clear stances on German European policy while respecting the principle of interministerial responsibility. By adopting consistent and predictable positions, Germany can provide direction, exercise leadership, and restore its credibility within the EU.

Second, the capacity to act can be strengthened through a revised partnership strategy that facilitates effective engagement in European politics. The German government should cultivate thematically flexible, agile, and effective coalitions instead of primarily focusing on cohesion and the lowest common denominator. Examples include the Weimar Plus format in security and defence policy, as well as various economic partnerships with regions such as eastern central Europe, countries such as France and Italy, and innovation-driven nations in northern Europe. Germany should proactively develop partnerships tailored to specific policy areas in order to achieve tangible progress. In particular, security-related coordination among member states and — within their respective competences — with EU institutions must be both intensified and carefully balanced. Different approaches will be necessary, particularly during the initial phases and in the context of the upcoming critical negotiations concerning the structure of a more resilient "post—war period". This will require exceptional flexibility and creativity from Germany.

Third, speed is crucial, necessitating a willingness to move beyond the requirement for unanimity. In functional areas, prioritising the Community method of strengthening the EU via majority decisions is essential. This is applicable, for example, to the Capital Markets Union project, for which rapid progress is vital due to its increasing significance for security policy. Similarly, industrial and technology policy — with the greater involvement of private-sector actors — will become a lasting, institutionalised component of European security policy. The German government should proactively contribute ideas for a comprehensive reform of the EU budget's revenue and expenditure framework — an area of core interest to Germany. Increased investment in defence capabilities and improved infrastructure should be leveraged to stimulate growth that benefits the European economy. In the event of gridlock, Germany should be willing to utilise the instrument of enhanced cooperation within smaller groups of member states.

Overall, Germany will need to invest its political capital, leadership, and financial resources in these multifaceted and challenging endeavours to transform the EU into a reliable "life insurance policy". In this context, in the upcoming legislative period, German European policy should embrace a pragmatic yet resolute functionalism that is continually guided by the principle of strategic autonomy.

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