

ISSUE BRIEF

The Ties That Bind

Germany and the United States in a New Era

SEPTEMBER 2017 ALINA POLYAKOVA AND HENNING RIECKE

The September 2017 German federal election was a win for Chancellor Angela Merkel. Foreign policy played a minor role during the election, but the continuity in Berlin presents opportunities and challenges for the US-German relationship. Germany and the United States have enjoyed a strong connection rooted in trust and profit. As a political and economic heavyweight in Europe, Germany has been an important strategic partner for the United States since the end of the Cold War. A US move toward more protectionist economic policies under President Donald Trump's administration is unlikely to undermine this solid base. German-US relations will be resilient enough to overcome trade quarrels and foreign policy disagreements, but if this key bilateral partnership is to thrive rather than simply survive the political frictions, both sides must look for new opportunities for cooperation while overcoming potentially divisive challenges.

Since President Trump took office in January 2017, he and Chancellor Angela Merkel have had an awkward start. Germans watched his surprising victory with great concern, seeing in President Trump semblances of the populist-nationalist rhetoric gaining steam at home. A Pew poll in June 2017 showed dismal ratings for Trump in Europe—and especially in Germany.¹

Trump ran on a promise of putting “America first” by pulling out of or renegotiating “bad deals” in alliances, trade relations, and global governance. At their first meeting in March 2017 in Washington, Trump announced that he expected Germany to contribute more to NATO. He later complained about the United States' massive \$64.8 billion (2016) trade deficit with Germany and pulled the United States out of the Paris Climate Accords, much to the chagrin of many European leaders and their citizens.

In response to President Trump, the German Chancellor remarked that Europeans have to “take our fate into our own hands” and no longer look to the United States as a guarantor of security.² Yet her comments,

The Atlantic Council **Future Europe Initiative** seeks to galvanize the leadership and strategies that will promote a strong, stable, and competitive Europe allied with the United States. The Initiative champions the Atlantic community's central role in fostering a rules-based international order that brings security, prosperity, and individual freedoms to its people. It also fosters US strategic engagement in Europe, premised on the belief that the United States is stronger with allies and that the US has a strategic stake in Europe's future and a united Atlantic community.

- 1 Richard Wike, Bruce Stokes, Jacob Poushter, and Janell Fetterolf, “U.S. Image Suffers as Publics around World Questions Trump's Leadership,” Pew Research Center, June 26, 2017, <http://www.pewglobal.org/2017/06/26/u-s-image-suffers-as-publics-around-world-question-trumps-leadership/>.
- 2 Alison Smale and Steven Erlanger, “Merkel, After Discordant G-7 Meeting, Is Looking Past Trump,” *New York Times*, May 28, 2017, <https://www.nytimes.com/2017/05/28/world/europe/angela-merkel-trump-alliances-g7-leaders.html>.

while politically savvy given the American president's low popularity in Germany, do not mean that the US partnership is no longer important. On the contrary, Merkel is well aware that the transatlantic partnership is the basis for European security. The continued success of this partnership depends on Europe's willingness to assume a leading role in international relations, and Germany has a key role to play in shoring up European support for greater engagement on the world stage during the Trump era and beyond.

In the long term, the US-German partnership will remain the bedrock of transatlantic relations. In particular, new administrations in DC and Berlin should look at four areas that have been seen as contentious, but which present opportunities for closer cooperation: security around NATO, common policy vis-à-vis Russia, bilateral trade, and opportunities in the energy sector.

The United States and Germany in NATO

The Trump administration has criticized the oversized role the United States has in the alliance and NATO's minuscule role in the fight against terrorism. Trump's demand that NATO partners contribute at least 2 percent of their gross domestic product to defense is not new. It is a reference point NATO has used since the mid-1990s for new members and an agreement for all since 2014. Yet, his reluctance and slowness to acknowledge the critical role of the Alliance for transatlantic security sets this US president apart from previous administrations.

As of 2017, only five NATO allies contribute 2 percent to defense spending, and Germany is not one of them. As the largest economy in Europe with consistent budget surpluses, Germany has the greatest potential to increase defense spending; however, it only spends 1.2 percent.³ Because of this seeming disconnect between capacity and reality, Germany has received the greatest pressure from the Trump administration. But the US administration's focus on defense spending obscures the full extent of Germany's contributions. Of the \$2.8 billion in common NATO funding, Germany contributes 15 percent while the United States contributes 22 percent. Still, Europeans are almost fully dependent on US forces and weapons.⁴

3 NATO, Public Diplomacy Division, *Defence Expenditure of NATO Countries* [Press release], 2017, Retrieved from http://www.nato.int/nato_static_fl2014/assets/pdf/pdf_2017_06/20170629_170629-pr2017-111-en.pdf.

4 Doug Bandow, "Is Germany Serious About Defending Itself,

At the 2016 NATO summit in Warsaw, the Allies agreed to present individual capability development plans and to report progress annually. Chancellor Merkel acknowledged the need to greatly increase German spending and commit to the 2 percent goal. Germany's defense budget is set to increase from 34.3 billion to 39.2 billion euros by 2020.⁵ To meet the promise, defense expenditures would have to rise to over 60 billion euros, assuming GDP remains at its current levels. But Berlin has expensive plans: Germany's Bundeswehr plans to add 20,000 personnel by 2024.⁶ By 2032, in a move to re-orient from crisis response missions to territorial defense, Germany will prepare three divisional headquarters and eight brigades to be simultaneously deployable, with flexible capability packages, for a wider spectrum of missions. Capable forces should better contribute to a conventional deterrence posture. Germany's force planning is tightly connected to NATO's Defense Planning Process. German capabilities will directly match the requirements of the alliance, bearing in mind the commitment to the Enhanced Forward Presence of NATO troops in the Baltic states and Poland.⁷ With these initiatives, Germany is positioning itself and Europe to reduce reliance on US forces.

Still, the real challenge is less about numbers and more about politics. The German public is cautious when it comes to military engagement and skeptical about the effectiveness of military solutions to foreign policy problems. Only in 2015, after the Ukraine crisis, did polls show majority support for more defense spending.⁸ However, this support is weak: in February 2017, only 42

Europe, And The West? Time For Europeans To Run NATO," *Forbes*, March 2, 2017, <https://www.forbes.com/sites/doug-bandow/2017/03/02/is-germany-serious-about-defending-itself-europe-and-the-west-time-for-europeans-to-run-nato/#-2d189a051551>.

5 "Bundeswehr soll mindestens 20 Milliarden Euro mehr bekommen," *Zeit Online*, October 15, 2016, <http://www.zeit.de/politik/deutschland/2016-10/angela-merkel-verteidigung-ausgaben-bundeswehr>.

6 "Bundeswehr soll auf knapp 200.00 Soldaten aufgestockt werden," *Frankfurter Allgemeine*, February 21, 2017, <http://www.faz.net/aktuell/politik/inland/bundeswehr-will-personal-auf-200000-soldaten-aufstocken-14888610.html>.

7 Rainer L. Glatz and Martin Zapfe, "Ambitious Framework Nation: Germany in NATO," Stiftung Wissenschaft und Politik (2017), September, 2017, https://www.swp-berlin.org/fileadmin/contents/products/comments/2017C35_glt_zapfe.pdf

8 "Umfrage zur Bundeswehr: Jeder Zweite ist für höheren Wehretat," *Wirtschafts Woche*, March 16, 2015, <http://www.wiwo.de/politik/deutschland/umfrage-zur-bundeswehr-jeder-zweite-ist-fuer-hoeheren-wehretat/11510036.html>.



President Donald Trump meets with German Chancellor Angela Merkel during his first one hundred days in office. Photo credit: White House/Flickr.

percent of Germans favored higher defense spending with 55 percent against.⁹ While Germany is on course to contribute a greater share to common European defense, making a case to the German public for troop deployment in foreign conflicts will be difficult and will require political leadership—irrespective of the defense budget. Given this political reality, German defense policy will likely continue to focus on training the forces of partner states or partner groups fighting in conflict, rather than engaging in direct conflict.

Nevertheless, for a US president looking for fairer burden sharing in NATO, Germany is no longer an opponent, but rather a valuable partner. To that end:

- The United States and Germany should jointly draft strategic documents or institutionalize strategic debates to guide elements of mutual defense policy. Germany is willing to take a leading role

in European common defense, but continued public pressure from the US administration may be politically counterproductive when it comes to convincing the German public.

- Germany should direct its activities as a framework nation to enable the Europeans to build up capabilities that the United States currently provides to Europe. Germany can play a stronger role at the EU level to get more buy-in for European common defense from member states.
- Germany could also push for greater European contribution to the Enhanced Forward Presence in Poland and Latvia, where the lead nations are the United States and Canada.

⁹ “Mehr Geld für Verteidigung? Mehrheit der Deutschen sagt Nein,” *Stern*, February 15, 2017, <http://www.stern.de/politik/ausland/stern-umfrage--mehrheit-der-deutschen-gegen-aufrestung-und-kampfeinsaetze-gegen-is-7326810.html>.

A Transatlantic Response to the Russian Challenge

Russia's annexation of Crimea and military intervention in eastern Ukraine prompted the EU and the United States to adopt a common coordinated sanctions policy. Merkel's support for this policy did not come without political risk at home: in Germany, there is a widespread desire to maintain good relations with Russia. Even after the Ukraine crisis, only a minority of Germans feel threatened by Russia; however, they no longer see Russia as a reliable partner.¹⁰ Yet even ardent supporters of close dialogue with Russia, including the German business community, understand that Moscow's behavior cannot be left unchecked. Germany's leading role in the Minsk process exemplifies its support for continued dialogue with Russia and Ukraine.

“Germany, with its long experience managing the Soviet Union during the Cold War and Russia following it, could play an important role as mediator at a time of deteriorating US-Russia relations.”

With Trump's victory, Europeans (including Germans) were concerned that the new president, who had expressed admiration for Russian President Vladimir Putin on the campaign trail, would move quickly to dismantle the sanctions regime put in place after the Ukraine crisis. Such a move would have undone a core, common transatlantic foreign policy. Throughout the campaign and in his early days in office, Trump seemed intent on forming a partnership with Russia to fight terrorism in the Middle East. Many feared that Trump would seek some sort of a “grand bargain” with Russia in which Ukraine would be sacrificed and the United States would accept a Russian sphere of influence in return for Moscow's promise to be a reliable partner

in the fight against “Islamic extremism.” But the reality of conflicting US and Russian interests in Syria as well as US domestic politics have, thus far, kept these fears from coming to fruition.

Allegations of collusion between Russia and the Trump campaign, including an ongoing criminal investigation, have put heavy political pressure on the administration. At the same time, members of Trump's own party in Congress have sought to limit the president's ability to remove sanctions on Russia. In an unexpected turn for a president who campaigned on getting along better with Russia, Trump signed a bipartisan bill approving additional expansive sanctions against Russia in August 2017. With the legislation signed into law, US sanctions on Russia are likely to remain in place for the foreseeable future, solidifying the US-EU joint Russia policy.

Germany would like to see the United States develop a cooperative relationship with Russia in areas of mutual security interests and therefore supports continued dialogue. Germany, with its long experience managing the Soviet Union during the Cold War and Russia following it, could play an important role as mediator at a time of deteriorating US-Russia relations.

- The US administration could seek advice from Germany, and in particular Chancellor Merkel, on shaping US engagement with Russia toward cooperation on a combination of common (if narrow) areas of interest and containment.
- The investigation into the Trump campaign's alleged collusion with Russia during the elections should proceed transparently to assuage concerns of Russian meddling in democratic elections. It is important that the US government clear up any accusations of colluding with Russia.
- The German government should seek continued dialogue with Russia on Ukraine, Syria, and other areas of interest on the basis of a united transatlantic approach around sanctions.
- The United States could consider more active participation in the Minsk format, either as a negotiating partner or through an extension of the tacit support Washington has provided to Ukraine throughout the process. Proof of Russia's better behavior in Ukraine should be a precondition for deeper cooperation in other conflict areas, for which Washington and Berlin could develop ideas together.

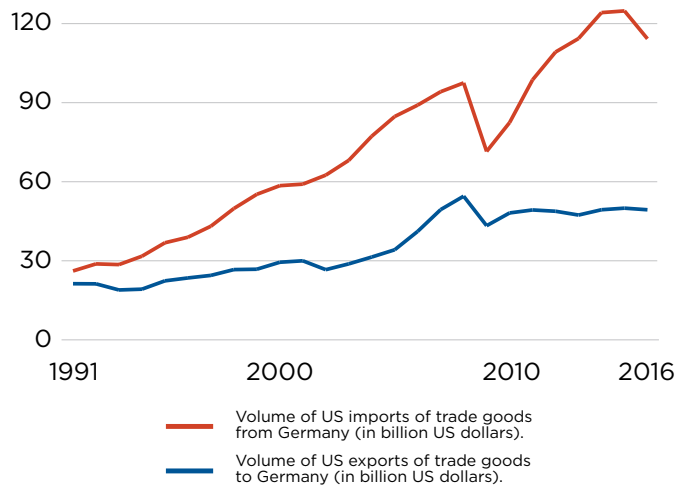
¹⁰ Gabriele Schöler, “Russia – A Threat to European Security? A View from Germany,” *Newpolitik* (2016): 75-83, accessed September 19, 2017, http://www.bfna.org/sites/default/files/publications/Newpolitik_German_Policy_Translated_web_0.pdf.

The Underpinnings of the Bilateral Relationship: Trade

Mutually beneficial trade is the bedrock of the US-German relationship. The United States is Germany's largest trade partner, comprising 10 percent of Germany's exports or \$125 billion in goods and services.¹¹ Cars and machinery represent the bulk (60 percent) of German exports to the United States, which also includes electronics and chemical and pharmaceutical products.¹² At the same time, German companies invest significant resources in the United States: German direct investment is worth \$314 billion,¹³ and German companies employ almost 700,000 American workers across seventeen states.¹⁴ Major German automakers, including Daimler, BMW, and Volkswagen all operate factories in the United States. German pharmaceutical firms, such as Bayer, also have large operations in the United States, and the combination makes Germany the third largest foreign employer in the country. US companies invest in Germany as well: the top thirty US firms operating in Germany employ approximately 330,000 workers there,¹⁵ making the bilateral trade relationship a significant economic driver in both countries.

Unlike the United States, which has an estimated \$500 billion budget deficit, Germany has enjoyed a budget surplus since 2014.¹⁶ In 2016, Germany recorded the highest budget surplus since German reunification—23.7 billion euros and a trade surplus of 256 billion euros.¹⁷ Germany also fared relatively well through the Eurozone crisis of 2008 that debilitated most European countries. In 2005, prior

Figure 1. US trade deficit with Germany



Source: United States Census Bureau.

to the economic crisis, one out of ten Germans were unemployed (11 percent), but bucking the trend for the EU, German unemployment dropped to under 4 percent by 2017.

Germany's economic performance has not gone unnoticed by the Trump administration either. The United States has a large trade deficit with Germany—exporting far fewer goods and services than it imports. In 2016, the US trade deficit with Germany—65 billion dollars—was second only to its deficit with China.¹⁸ In March 2016, prior to Chancellor Merkel's first visit to the White House, the president's top trade advisor, Peter Navarro, said that the deficit was "one of the most difficult" issues in the bilateral relationship.¹⁹ President Trump has also consistently called the trade deficit unfair and "very bad" for the United States.²⁰ In July 2017, Trump even threatened punitive tariffs against steel exports to the United States, which would have caused losses for German companies.²¹

11 CIA, "Exports - Partners," The World Factbook, <https://www.cia.gov/library/publications/the-world-factbook/fields/2050.html#gm>.

12 "What does Germany export to the United States? (2015)," Observatory of Economic Complexity, http://atlas.media.mit.edu/en/visualize/tree_map/hs92/export/deu/usa/show/2015/.

13 Dietmar Rieg, "Editorial," *German American Trade Quarterly* (2017): 3, http://www.gaccny.com/fileadmin/ahk_gaccny/Communications/Publications/GAT/2017/GA_Trade_Q2_interactive.pdf.

14 Rieg, "Editorial."

15 AmCham Germany, "A Clear Mandate for Future Growth - Top 50 US Companies in Germany," *Yearbook* (2017): 109-113, accessed September 19, 2017, https://www.amcham.de/fileadmin/user_upload/Publications/Top-50-Ranking/AmCham-Germany-2016-TOP-50-Ranking-US-Unternehmen-in-Deutschland.pdf.

16 "Germany records record budget surplus thanks to healthy trade," *Local*, February 23, 2017, <https://www.thelocal.de/20170223/germany-records-record-budget-surplus-thanks-to-healthy-trade>.

17 *Local*, "Germany records record budget surplus thanks to healthy trade."

18 Adam Davidson, "Trump Is Wrong on Trade, but Right That Germany's Surplus Is a Problem," *New Yorker*, May 31, 2017, <http://www.newyorker.com/business/adam-davidson/trump-is-wrong-on-trade-but-right-that-germanys-surplus-is-a-problem>.

19 David Lawder, "Trump adviser Navarro: U.S., Germany should discuss trade outside EU," *Reuters*, March 6, 2017, <http://www.reuters.com/article/us-usa-trump-trade-navarro-idUSKBN16D1KK>.

20 Donald J. Trump, Twitter Post, May 30, 2017, 3:40 AM, <https://twitter.com/realDonaldTrump/status/869503804307275776>.

21 Heike Buchter, "Is a Trade War Now Imminent?," *Die Zeit*, July 7, 2017, <http://www.zeit.de/politik/ausland/2017-07/us-economy-donald-trump-trading-germany-english>.



Of the \$2.8 billion in common NATO funding, Germany contributes 15 percent. *Photo credit: Kevin Hackert/Flickr.*

Despite drawing the president's anger, the trade issue is not a battle that can be easily won by either side. Germany cannot quickly change the trade balance—foreign trade agreements fall under the authority of the EU commission. In addition, German imports enjoy a steady demand in the United States, and the US government has little leverage over consumer tastes or firms' demand for certain imported products.

The trade relationship between the two countries has been an overwhelmingly positive force in buttressing the transatlantic partnership. The underlying forces driving bilateral trade are unlikely to change in the near term, but continued confrontation on trade between President Trump and Chancellor Merkel could hamper diplomatic relations in other areas of potential cooperation, perhaps souring the relationship for a long time to come.

On the basis of a presumed joint interest in vibrant and symmetrical trade relations, both sides should sound out how revitalizing cooperation could spur trade and investment.

Negotiations about harmonization of standards and certification, as undertaken by the EU-US Transatlantic Trade Council, could steer economic relations away from the trade war rhetoric.

The Transatlantic Trade and Investment Partnership (TTIP) project is stalled but not off the table. Both sides could review their positions and check which elements could be saved in a revitalization of the negotiations between the United States and the EU.²²

Untapped Opportunities in the Energy Sector

Germany's growing reliance on Russian gas has been a contentious issue for the transatlantic partnership since the 1980s, but has become a particularly hot political issue since Russia's intervention in Ukraine in 2014. The planned Nord Stream 2 pipeline, which would

22 Claudia Schmucker and Stormy-Annika Mildner, "Trump's Fair Trade: Aber fair für wen?" *DGAPanalyse No. 6*, July 2017, <https://dgap.org/de/think-tank/publikationen/dgapanalyse/trumps-fair-trade>.

carry Russian gas via the Baltic Sea through Germany with an end hub in Austria, would effectively bypass Ukraine as the transit country for Russian gas supplies to Europe. It would also be a lucrative endeavor for German energy companies while establishing Germany as the top player in Europe's energy market. Since Russia's invasion of Ukraine, however, the project has come under new scrutiny from US policy makers. The sanctions legislation passed by the US Congress and signed into law by President Trump took aim at Russian energy companies, potentially making it more difficult for international firms to work on common projects with Russia's Gazprom. German Foreign Minister Sigmar Gabriel and Austrian Chancellor Christian Kern were critical of the congressional legislation, calling it an illegal attempt to interfere in Europe's energy markets while paving the way for US energy exports.²³ Germany has sought to diversify its energy consumption and move increasingly toward renewables. Between 1991 and 2016, Germany's electricity production from renewable sources increased nearly twelvefold (from 16 to 188 terawatt hours).²⁴ Today, renewables (primarily wind and hydropower) represent almost 20 percent of Germany's energy production. But despite this investment, Germany remains dependent on energy imports to fulfill domestic demand.

In 2016, Germany imported \$18.9 billion of natural gas. The top supplier was Russia's state-owned gas giant, Gazprom, which delivered 50 billion cubic meters (bcm) of gas to Germany that year, amounting to 42 percent of total imports.²⁵ This dependence on Russian gas imports is likely to increase to 50 percent of total energy consumption by 2025, as Germany moves away from nuclear power and coal, and as supplies from European neighbors, like the Netherlands, decline.²⁶

23 Anton Troianovski and Emre Peker, "Germany, Austria Chide U.S. Senate's Russia Sanctions Bill," *Wall Street Journal*, June 15, 2017, <https://www.wsj.com/articles/germany-austria-chide-u-s-senates-russia-sanctions-bill-1497545677>.

24 *Bundesministerium Für Wirtschaft und Energie*, "Zeitreihen zur Entwicklung der erneuerbaren Energien in Deutschland," February 2017, http://www.erneuerbare-energien.de/EE/Redaktion/DE/Downloads/zeitreihen-zur-entwicklung-der-erneuerbaren-energien-in-deutschland-1990-2016.pdf;jsessionid=7COD5B59E-58301AB5B91CBEEC91A00B6?__blob=publicationFile&v=12.

25 "Germany: Gas imports down 3% in 2016," Energy Market Price, February 21, 2017, <http://www.energymarketprice.com/energy-news/germany-gas-imports-down-3-in-2016>.

26 Weixin Zha and Anna Shiryayevskaya, "Germany Is Addicted to Russian Gas," *Bloomberg*, July 3, 2017, <https://www.bloomberg.com/news/articles/2017-07-03/german-addiction-to-russia-gas-raises-alarm-in-merkel-s-backyard>.

For Russia, the EU—and Germany in particular as the highest energy consumer in the region—is a critical energy market. To support its position in Germany, Gazprom recruited prominent political leaders. Most famously, former German Chancellor Gerhard Schroeder became the chairman of the board of the Nord Stream 2 consortium in 2005, weeks after his party lost the federal elections. Subsequently, Chancellor Schroeder joined the board of directors for the Russian state-owned oil monopoly, Rosneft, as well.

At the same time, the United States has undergone an energy revolution over the past decade. Thanks to shale production, the United States has gone from being an importer to an exporter of liquefied natural gas (LNG). The United States began exporting LNG to the TGN LNG terminal in Portugal and the Mugaros LNG terminal in Spain during the summer of 2016. These exports have remained relatively low, but as demand for gas in Europe increases and the transport costs for US LNG decrease, the European market may become more attractive to US exporters and more cost-effective for import in the EU. The opening of US LNG supplies would also diversify Europe's energy market, eventually leading to decreased reliance on Russian imports. That is the pitch the US president made when visiting Poland in July.²⁷ To be sure, US liquid natural gas will not easily replace Russian gas, which is much less expensive. But according to some estimates, by 2020, US LNG could meet 25 percent of the EU's demand.²⁸ For this, transatlantic trust is a precondition and could be reinforced as follows:

- Offering cooperation and even lobbying against overly close ties with Russia represent sound strategies for the United States. Forcing European companies out of the market with Russia is not. Europeans see trade and economic integration as tools to secure peace and stability. Sanctions against German-Russian cooperation are a severe infringement in a sovereign state's conduct of foreign policy. The US Congress should refrain from such actions.

27 Tom DiChristopher, "Trump pitches US natural gas to European leaders, suggests Russian gas holds them hostage," *CNBC*, July 6, 2017, <https://www.cnbc.com/2017/07/06/trump-natural-gas-europe-leaders.html>.

28 "Second US LNG cargo heads to Europe, set to reach Spain July 22: sources," S&P Global Platts, last update July 5, 2016, <https://www.platts.com/latest-news/natural-gas/london/second-us-ling-cargo-heads-to-europe-set-to-reach-21888018>.

- Europeans should see energy diversification and distance from Russia more and more as a common goal.
- Much more needs to be done in terms of West-East infrastructure in the EU before US LNG can play a serious role in Europe's energy market, but the energy sector could become a real opportunity for closer cooperation.
- As a bonus, more LNG exports to Germany could level out the trade balance.

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Beyond Politics: The Way Forward

There are more long-term opportunities for US-German relations than short-term challenges. But both Merkel and Trump have been willing to use shortcomings in the relationship to score political points at home. This is a dangerous game to play with the most important partnership for transatlantic stability and security; however, with the election season temporarily over in both countries, there may be less need for confrontation going forward and a renewed recognition of opportunities. Policy shifts in Germany and a change to the berating tone from the US administration could produce cooperation on NATO burden sharing, solidify a common policy toward Russia, and unlock economic opportunities. But the path forward will surely require compromises and sober assessment of the current international order on both sides.

Russia presents a great foreign policy challenge, and debate over how to address the issue in both Germany and the United States oscillates between calling for closer partnership to advocating for Russia's isolation from global institutions. Each of these approaches is extreme and unlikely to prove successful. A transatlantic policy of deterrence should include sanctions against Russian expansionism, decreased dependence on Russian energy imports in Europe, and reinvestment in

NATO and common defense. At the same time, Europe and the United States should seek Russia's cooperation in areas where it can have a productive role. Russia has reinserted itself into global power politics, and the United States together with Germany can work to balance Russia in conflict areas while containing Putin's revanchist agenda.

Despite President Trump's reluctance to affirm the United States' commitment to Article 5,²⁹ the United States has increased its presence in Europe's East through the European Reassurance Initiative (ERI).³⁰ Germans and Europeans are also coming to terms with the notion that the United States may not be the security guarantor for the region indefinitely. Decades of disinvestment have weakened NATO's capacities and capabilities. NATO is still the strongest military alliance in the world, but to keep up with emerging threats, NATO's force posture must become stronger and more flexible. Germany needs to be a central player in that process and has begun to grow into that role.

Trade and energy issues are now more closely connected with Russia than in earlier phases of US-German relations. Trade relations are a contentious issue for the Trump administration, but the German Bundestag and the US Congress should continue to press for trade talks and coordination, even if that comes with a political price. TTIP could still be a valuable framework for better trade deals, but the EU must tackle its own internal issues related to opposition to trade before the United States can be expected to take a stronger position.

The energy sector has the greatest potential to pave the way for a renewed partnership. Greater US LNG exports to the European market could serve Germany's desire to diversify its energy supplies while challenging Russia's dominance in the natural gas sector. More US LNG in the European market will undoubtedly stir severe opposition from German and Russian business interests, but the potential opportunities are too great to be left unexplored.

29 The principle of collective defense is enshrined in Article 5 of the Washington Treaty. Collective defense means that an attack on one ally is an attack on all allies. NATO, “The North Atlantic Treaty, art. 5,” April 4, 1949, United States Treaties and Other International Agreements.

30 Cheryl Pellerin, “2018 Budget Request for European Reassurance Initiative Grows to \$4.7 Billion,” US Department of Defense, June 1, 2017, <https://www.defense.gov/News/Article/Article/1199828/2018-budget-request-for-european-reassurance-initiative-grows-to-47-billion/>.

The United States and Germany will continue to share a great deal in common: security concerns, interest in mutually beneficial trade, and Western democratic values. Both have prospered from the post-World War II international security order. And since the Marshall Plan, which marked its seventieth anniversary in 2017, Germany and the United States have had a long history of working together. It is this alliance, rooted in shared interests, that both countries will continue to depend on as the world grows more insecure and the challenges more complex. The United States needs reliable partners as it seeks to mitigate global security threats, such as the nuclear missile threat from North Korea and the resurgence of terrorism in the Middle East and northern Africa. Germany shares the US interest in

preserving the international institutions that brought unprecedented peace, security, and freedom to the European continent. Both countries have a great deal to lose from a weakened transatlantic alliance. At a time of multiplying global threats, political unpredictability, and certain uncertainty, the US-German relationship can grow to overcome the politics of the day in the interest of a more secure and prosperous future.

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