

BRIEF

GERMAN-US RELATIONS AND THE SECURITY OF THE BALTIC STATES

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The Baltic states regard the US and Germany as key allies. Hence, the relationship between the US and Germany and their level of cooperation potentially has a deep impact on Baltic unity and, more widely, on the cohesion and resilience of the entire transatlantic security space. Deterrence of Russian aggression on Europe's eastern flank depends heavily on the health of their relationship. So too does the effectiveness of the West's response to the challenge of a rising China. Any turbulence in the US-German relationship or divergence in their views of threats and challenges complicates strategic planning for all of their allies. Unfortunately,

their own domestic policy developments has produced instability in their relationship. This has hindered strategically important decision-making regarding the entire Western allied space and made progress towards common long-term goals more difficult, for example, in the enlargement of NATO to include aspiring members Ukraine and Georgia, in strengthening deterrence against Russia's aggressive foreign policy, and in closer trade and technological cooperation between the EU and the US to counterbalance China.

The relationship between the US and Germany has a deep impact on the cohesion and resilience of the entire transatlantic security space

this has sometimes been the case, notably in recent years over the Nord Stream 2 pipeline. With Russia and China increasingly assertive in pursuing their foreign policy interests, it is not only vital that Washington and Berlin strive for the best relations possible between themselves, but they should also involve other allies in their discussions on issues of wider strategic impact.

The first notable difference of opinion between the US and the reunified Germany emerged after the terrorist attacks against the US in September 2001. The Bush administration's decision to launch, in parallel with the US-led intervention in Afghanistan, an invasion to depose Saddam Hussein, in 2003, was a source of tension. Then Federal Chancellor of Germany Gerhard Schröder categorically refused to support Washington's intentions and countered them by forming a temporary joint front with Russia and France. Schröder's insistence that "the time for [US] checkbook diplomacy is over forever" and that Germany was not going to participate in any "risky adventurism" caused a deep and lasting fracture in the allied relationship that had existed for over five decades.¹

UPS AND DOWNS IN GERMAN-US RELATIONS

The relationship between Berlin and Washington has had its ups and downs during the first two decades of this century, leaving a mark on the Euro-Atlantic security architecture. A combination of their different responses to some of the challenges faced by the West and fallout from

Unfortunately, this was not the last of Schröder's activities that were damaging to the Western allied space. A few days before their 2005 election defeat, Schröder's government gave a green light to the construction of the Nord Stream gas pipeline under the Baltic Sea. Schröder himself was soon to take up a job in the management of Russia's energy companies and has since

consistently defended Vladimir Putin's domestic and foreign policies. Nord Stream has since become the greatest triumph of Russia's modern foreign and energy policy, not least because of the wedge it has driven between the US and Germany. It continues to be a bitterly divisive topic today and will certainly be an issue for Germany's new 'traffic light' coalition government.

FROM OSTPOLITIK TO TRUMP

Energy issues have been on the US-German agenda for at least the last 50 years. At first, the *Ostpolitik* initiated by the left-wing government of Willy Brandt matched the détente policy of the US very well. The first contract for the Soviet Union to supply gas to the Federal Republic of Germany was signed in Essen in 1970. Later, as tensions deepened between East and West, the views of Bonn and Washington on pipeline agreements with Moscow rapidly diverged. At the beginning of the 1980s, President Ronald Reagan warned Germany against the dangers of energy dependence on the Soviet Union.

Reagan essentially echoed what Leonid Brezhnev, the Secretary General of the Soviet Union Communist Party (CPSU), said in 1971 during an internal party discussion: "Take the European part, the oil and gas of Siberia. This is a major issue. This will change our very being. These are major economic indicators. They will change our possibilities, our relationship with all of Europe – and not only with the Socialist countries, where we are able to ship gas and oil, but with France, the FRG, Italy. The key is in our hands. Gas hither – hard currency thither. This is a big economic and political question."²

Russia's use of energy supplies as weapons to influence the governments of the West has been a longstanding policy and should come as no surprise to Washington and Berlin today. Yet despite its obvious anti-Western foundation, Nord Stream 2 is on the verge of being opened, and Germany, the world's largest importer of natural gas, will depend on Russia for nearly 60% of its supply.

Gas supply was also a point of dispute (although certainly not the only one) between the US and

Germany during the Trump presidency, in which relations between the two countries declined to the deepest crisis of confidence in recent history. Trump was disturbed by Germany's large trade surplus and low level of defence spending and imposed or threatened trade restrictions. His sharp and unpredictable attacks on Germany created tensions across the alliance.

NEW BEGINNINGS – THE BIDEN ADMINISTRATION AND THE SCHOLZ COALITION

Upon assuming office, President Joe Biden's administration quickly sought to restore normal relations with Germany. The main drivers from Washington's viewpoint were to achieve a new nuclear deal with Iran, create strategic stability in its relations with Russia, and free bandwidth to focus on China, seen by the US as its largest longer-term challenge. The White House wanted Germany to use its influence in the EU to consolidate the post-Brexit collective Brussels and to take a more active role in stabilising the borders of Europe, including addressing the security concerns of Ukraine. Germany in turn wanted the US to cancel the sanctions imposed on Trump's last day in office that prevented the completion of Nord Stream 2, and to remove the trade restrictions between the two countries.

The White House wanted Germany to use its influence in the EU to consolidate the post-Brexit collective Brussels

Lobbying by Berlin and negotiations with Washington led to President Biden announcing on 19 May 2021 that the sanctions against Nord Stream AG and its CEO Matthias Warning, a former Stasi officer, had been lifted. Two months later, on 21 July, a joint US-German statement announced that the completion of the Nord Stream 2 pipeline was now justified. It also said the parties were committed to ensuring the energy security of Ukraine and were united in their determination to hold Russia to account for its aggression and malign activities.³ The two countries promised to invest at least USD 1 billion in a Green Fund for Ukraine and ensure gas transit via Ukraine would continue beyond 2024.

The US-German agreement came as a surprise to their allies in the Baltic region, both because the talks had been held in secret and because at same time Russia had started to escalate its antagonism towards Ukraine. On 12 July, for example, immediately before the US-German joint statement, Vladimir Putin's notorious history article had broadcast to the world his opinion that Ukraine was an artificial construction and did not deserve to exist as a sovereign state or nation.⁴

Washington and Berlin's wishful thinking became more apparent in the late autumn of 2021 when the US intelligence services revealed that Russia's leadership was planning a massive military aggression against Ukraine.⁵ In spite of this, Berlin tried to persuade the world that there was no need to re-evaluate the joint statement or the US-German stance on Nord Stream 2. A German non-paper, leaked to the public in mid-November, misleadingly claimed that Nord Stream 2 presented no threat to Ukraine, that Russia did not use energy as a weapon, that Nord Stream 2 had not softened Germany's foreign policy on Russia, and that sanctions against a US ally would be a victory only for Putin.⁶

This was in spite of the fact that Russia had manipulated Europe with gas supplies in the previous months and had also used energy to exert pressure on Ukraine and Moldova.⁷ And sanctions imposed against Nord Stream 2 would above-all affect the Russian-owned company Nord Stream AG, and its CEO Matthias Warning (although there also good reasons to add Chairman of the Board of Nord Stream Gerhard Schröder to the list of sanctioned individuals).

The Social Democrats, the Greens and the Free Democrats, expect to broadly continue Merkel's foreign policy line

Meanwhile, Germany's foreign policy on Russia was soft enough to begin with. In an interview with Der Spiegel, Angela Merkel's foreign policy adviser Christoph Heusgen said, in the context of Ukraine, that it was always important for Merkel to consider the interests of Russia.⁸ He suggested this was the reason why, at NATO's Bucharest Summit in 2008, she defied the strong lobbying

of the US to prevent Ukraine from being granted the prospect of joining the Alliance, and why the Association Agreement with the EU does not include any expectation of membership. "She always kept in mind what was tolerable for Russia," said Heusgen.

The Social Democrats, the Greens and the Free Democrats, who formed the government in Germany after the federal elections, expect to broadly continue Merkel's foreign policy line which, to the benefit of bilateral relations with the US, also means valuing strong transatlantic relations in security and defence. Immediately after winning the elections, Olaf Scholz assured the US and others that "the transatlantic partnership is of essence for us in Germany and for a government that will be led by me. So you can rely on continuity in this question."⁹

As a young politician in the 1980s, Scholz was sharply against NATO. Forty years later, as Germany's Federal Chancellor, he carries a large share of the responsibility for the unity of the European component of the transatlantic alliance, and to ensure NATO's deterrence posture is credible. Germany's defence spending, a cause of a great deal of friction between the US and Germany in recent years, is a key – and unresolved – consideration when it comes to deterrence through NATO. However, fears that the anti-nuclear voices in the coalition would be translated into policy were not realised in the coalition agreement. Germany will continue to participate in NATO's Nuclear Planning Group and will presumably also work to modernise its strategic air capability and the Büchel Air Base.¹⁰

In the shorter-term, the most critical issue in US-Germany relations is likely to be China. The US regards China as its greatest strategic adversary, but Scholz's first comments as Federal Chancellor inclined towards caution and indicated a wish to stick to its existing "Wandel durch Handel" (change through trade) policy with China. Although the new coalition calls China a "systemic rival" (for Merkel, China was a "strategic partner"), Germany's large economic interests in China may diminish Berlin's fortitude in protecting human rights and standing up for Taiwan.

For its European allies, including the Baltic states, it is important that Germany's new government leads the way in shaping a common EU strategy towards China, and places less emphasis on its bilateral approach. The EU strategy should, in turn, be closely aligned with the policy of the US, which will remain the most influential actor in addressing the growing influence of China and protecting the liberal world order.

CONCLUSION

Good US-German relations are essential to the health of the wider transatlantic security space including that of the Baltic states. While the darkest hour of the Trump presidency may be over, and while the US and Germany clearly continue to share the same overall strategic

goals that have underpinned the West for seven decades, plenty of potential flash points still exist between them – energy, defence, Russia, China – on the path towards these goals.

Russia and China are increasingly assertive in pursuing their foreign policy interests, demanding a cohesive Western response. As leading countries in the transatlantic space, it is vital that Washington and Berlin strive for the best relations possible and seek to shape approaches and policies together. But Berlin must also recognise that when it deals with Washington, it acts not only on its own behalf, but unavoidably as a representative of its European allies. While it may be reluctant to embrace it, Germany has a leadership position, and must consider the perspectives of other allies in its discussions with the US on issues of wider strategic impact.

ENDNOTES

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