Adapting German Foreign & Security Policy to a New Threat Environment

CHANCELLOR FRIEDRICH MERZ'S FIRST STEPS

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German Chancellor Friedrich Merz entered office in May 2025 promising a more strategic and unified foreign and security policy to keep Germany safe, influential, and prosperous. Since then, he has used an intensive schedule of European and international meetings and engagements to establish himself on the European stage and develop a positive working relationship with U.S. President Donald Trump. His strong messaging of support for Ukraine and the need for Europe to meet its security challenges have gained domestic and international recognition. Merz now must build upon this early, mostly symbolic success to add more substance to his approach and show that the government is truly adapting to a more dangerous international environment by strengthening Germany and Europe's ability to act through concerted action, new resources, and institutional reform.

Merz's Foreign Policy Approach Shaped by a Sense of Crisis

Merz's focus on foreign and security policy during his first months in office reflects his view that Germany faces the greatest foreign and security threats since the height of the Cold War. As he has repeatedly stated, Russia's grinding war against Ukraine endangers not only that country but the entire European security order. On election night in February 2025, he was particularly concerned that U.S. President Trump was ready to withdraw from NATO, according to a well-placed German journalist. A life-long transatlanticist, Merz also questioned whether Vice President Vance's attack on European governments at the Munich Security Conference was an attempt by Washington to undermine the European political and security order. In addition, Merz believed that Olaf Scholz's outgoing government had failed to fulfill Germany's leadership responsibilities, and constant coalition bickering and Scholz's overly cautious approach had weakened Europe and left Germany isolated. In Merz's view, Germany needs to play a more active role in supporting Ukraine, rebuilding its own military capabilities to defend against an aggressive Russia, and repairing its relations with its European and U.S. partners.

To do so, Merz took unprecedented action even before entering government. Without fully consulting his party, he reversed its long-standing adherence to the constitutionally enshrined debt brake and agreed to exempt security and defense spending from the balanced budget provision and establish a 500-billion-euro, ten-year special fund for infrastructure investment. This reversal of policy led to considerable unhappiness within his own Christian Democratic Union (CDU) and its Bavarian sister party, the Christian Social Union (CSU), but it has been central to increasing Germany's credibility and room to act. The reform has also freed Germany to help make up for a lack of new U.S. military support for Ukraine while also enabling Berlin to be a relatively early advocate of the U.S. initiative to have NATO members spend 3.5 percent of their GDP on defense and an additional 1.5 percent on infrastructure. By late spring, the finance minister presented a concrete financial plan to reach that goal by 2029, and the medium-term budget plan also earmarks over eight billion euros a year for bilateral military assistance to Ukraine. Germany's steps toward greater

spending removed a longstanding bilateral irritant with Washington—and particularly Trump—and helped create a bandwagon effect as members approached the NATO Summit in July.

Merz also gained concessions in coalition negotiations to strengthen his direction of foreign and security policy. He accepted Social Democratic Party (SPD) control over the Finance and Labor Ministries in order to get the Foreign Office, and for the first time since 1966, the chancellor has a foreign minister of his choosing. Merz then leveraged a busy calendar of European and international summits and bilateral and mini-lateral meetings to forge ties with his European counterparts. This kind of personal diplomacy is particularly suited to Merz, whose self-confidence, direct approach, and experience in the private sector have made him a strong and effective interlocutor. His joint travel to Kyiv on May 10 with UK Prime Minister Starmer, French President Macron, and Polish Prime Minister Tusk signaled his intention to forge a joint European position. A successful Oval Office meeting on June 6 set the stage for a good working relationship with Trump, who called Merz to propose the initiative that now provides Ukraine with new U.S. military hardware financed by European governments. After the president announced his plan to meet with Putin in Alaska on August 15, Merz played a central role in transatlantic virtual and in-person meetings before and after the Alaska summit, particularly to ensure that the Ukrainian and European positions were fully synced vis-a-vis Trump. In these talks, Merz has politely but clearly reminded the president of the necessity for a ceasefire before the start of any serious negotiations.

Chancellor Merz's Key Choices on German Foreign and Security Policy

So far, German Chancellor Friedrich Merz has largely stuck to the foreign and security policies of the previous government while improving its presentation and coordination with European counterparts. Germany, however, is facing key decisions in the coming months concerning Ukraine's future, the shape of Germany's armed forces, a new European security architecture, and the ability of the EU to advance the region's political coherence and global influence. The chancellor will almost certainly need to go beyond current policy to address these issues and build political support to show that Germany is ready to take substantive action to defend Ukraine and increase Europe's ability to act more assertively.

Ukraine

U.S. efforts to secure a deal to end the conflict—and shift the financial burden to Europe—are forcing European governments to provide a concrete plan on how they will support Ukraine whatever the outcome. Merz has been publicly supportive of Trump's diplomatic efforts while questioning Russia's motivations and emphasizing the need for a ceasefire as soon as possible. On August 28, Merz publicly dismissed the likelihood that Zelenskyy and Putin would meet any time soon, and Merz has repeatedly lobbied Trump to respond to continued Russian strikes with new sanctions. Germany has also participated in Coalition of the Willing talks about how to support Ukraine should a ceasefire or peace deal be struck.

If a ceasefire is achieved, the pressure on Germany to participate in any coalition effort will be enormous. Merz has said publicly that Germany will fulfill its responsibilities but has previously excluded the possibility of sending German troops to Ukraine, and he would have to overcome considerable skepticism within the SPD and his own party to do so. In addition, the issue of German provision of Taurus long-range missiles—which Merz once publicly demanded be supplied to Ukraine but now avoids discussing—could re-emerge as a possible element of a security guarantee for Ukraine in which the missiles would be supplied should Russia break a future ceasefire agreement.

In the more likely case that the war continues, Merz and other European officials will need to consider how best to support Ukraine, particularly if the United States fails to impose significant new penalties on Russia. Pressure to supply Taurus missiles would likely increase in this situation. Merz's Financial Times article on September 25 advocating the use of frozen sovereign Russian funds to finance Ukraine's war efforts overturned longstanding German opposition to such action and shows Merz's willingness to adjust his policies to support Ukraine and make up for lack of continued U.S. financial support.

Berlin and Paris are proposing stronger EU sanctions aimed at Russian energy in the nineteenth round of EU sanctions now being discussed. This effort would close gaps and target third parties facilitating Russian energy sales but only partially addresses White House demands

that Europe stop relying on Russian energy, even indirectly, and impose tariffs on China and India for their purchase of Russian oil. How hard and how far Berlin will push for new sanctions will be another important indicator of the degree of change in Germany's approach to Ukraine.

With the United States moving away from providing Ukraine military assistance unless financed by others, Berlin also will need to ramp up its military support. Since May, the government has shifted its approach to more joint ventures with Ukraine, along with directly financing Ukrainian production—the so-called Danish model that leverages Ukraine's ability to produce weapons less expensively while also aiding its economy. In May, Berlin signed an agreement to fund the production of long-range unmanned strike drones in Ukraine, with Germany providing components for their production. At the same time, Germany is part of the NATO-coordinated effort to finance the purchase of U.S. weaponry for Ukraine, and Germany is the largest European provider of U.S. Patriot anti-aircraft systems to Ukraine. The question of how to balance these two efforts will almost certainly be tied to the prospect of continued U.S. support for Ukraine.

Strengthening the Bundeswehr

Bundestag passage this fall of draft legislation to modernize the Bundeswehr would represent a significant step forward in realizing Merz's goal of revitalizing the German armed services, but differences over the reintroduction of conscription as well as the need for further bureaucratic reform could slow the process. Germany has promised NATO to increase its armed forces from its current size of just over 180,000 soldiers to 260,000 troops and move from its current stable of 35,000 active reservists to 200,000 by around 2035.

The coalition parties remain divided on the draft proposal's reliance on volunteers, and Foreign Minister Wadephul (CDU) initially put a hold on the draft because of its lack of an automatic return to conscription if the Bundeswehr cannot recruit sufficient numbers. Wadephul withdrew his hold, reportedly at the behest of Merz, but CDU/CSU caucus members have insisted that they will demand changes to the legislation in the Bundestag. SPD Minister of Defense Pistorius argues that the first priority should be developing the infrastructure and personnel to train an increased number of recruits and making service more attractive, as the legislation does through increased pay and benefits. Merz has suggested that the coalition can reexamine the issue at a later date should the Bundeswehr fail to generate the requisite numbers, but renewed coalition bickering in the Bundestag would damage Merz's efforts to show a single united security policy.

The explosion in the cost of military equipment will increasingly burden Bundeswehr procurement plans and reduce what Germany gets for its spending. Germany has not been supportive of proposals for more EU-centric procurement, which is also likely to undercut the development of a truly European military industrial base. The public's longstanding discomfort with debt suggests that resistance could grow to the government's plan to rely heavily on borrowing, particularly if it cannot show significant increases in capabilities.

Merz will need to define how much he is willing to do to try to keep the United States in versus building Germany and Europe's ability to act more independently.

A less discussed issue is how to increase the percentage of Bundeswehr personnel who are deployed in the field. Germany's difficulty in staffing its brigade in Lithuania—the biggest symbol of its commitment to NATO allies—reflects this weakness. So far, soldiers are mainly stationed in Germany and rotate into Lithuania for exercises.

European Security

Merz continues to see NATO and a U.S. presence as essential to European security, and the government is prioritizing efforts to show that Germany—and Europe—will take more responsibility in NATO to address what he has called European free-riding. Merz has shown little interest in alternative security arrangements, such as shifting to a more EU-centric security architecture, and Merz sees the United Kingdom and Norway as central to European security. Merz therefore prioritizes strengthening a European core in NATO, while using bilateral and mini-lateral cooperation to address specific security challenges. Merz has highlighted improved cooperation with France and Poland bilaterally and together as the Weimar Triangle, although newly inaugurated Polish President Karol Nawrocki's polemics

against Germany could complicate such cooperation. Germany has probably most increased its defense cooperation with its northern allies. In August, a German ship for the first time patrolled the Arctic, which followed the launch in June of a new North Atlantic security partnership with Canada, Denmark, and Norway. Berlin also signed bilateral defense cooperation agreements with the United Kingdom and Norway in July.

The Role of the European Union

Merz has shown little inclination to change the substance of Germany's approach to the EU, in which its proclamations of support for further political and economic integration belie a more skeptical, interest-based approach. For example, Merz has continued his predecessors' skepticism toward increasing the EU's fiscal powers, including the introduction of defense eurobonds. On migration, Germany has followed the letter of EU law to avoid directly violating EU rules but has bent them to close borders. Merz argues that Europe must improve its competitiveness and reduce EU regulation, such as by loosening environmental standards and rescinding the Supply Chain Act altogether. He has expressed support for the reform proposals of former ECB President Draghi but so far has not pushed for the completion of the single market or deepened capital markets.

Merz has promised to Europeanize Germany's approach to China and has criticized China's support for Russia as well as its aggressive economic tactics. Whether he will adhere to these statements is less clear, particularly in light of his close ties to German business. Merz is likely to travel to China by the end of the fall. The degree to which he speaks frankly about China's support for Russia and predatory trade tactics and the size and nature of the delegation that travels with him will be key indicators of whether Merz will truly support Commission President von der Leyen's harder line approach to relations with China.

The United States

Merz shocked German political observers earlier this year with his public questioning of U.S. reliability, and although he has toned down his rhetoric, he has also stated that he continues to see the United States as a less reliable partner. In interviews for the German press, he has been careful but clear that he finds President Trump's approach to Russia troubling. At the same time, Europe's dependence on the U.S. security guarantee via NATO and the degree of interconnections between the two economies have propelled Merz to continue to try to stay aligned with Trump. In the U.S.-EU tariff dispute, Merz has sought to protect German interests and pressed for a quick deal while opposing the use of retaliatory measures. He has defended von der Leyen's handling of negotiations, calling the framework agreement painful but better than a trade war.

Merz has strongly supported fellow allies such as Canada and Denmark that face pressure from the United States as well as Commission efforts to pursue trade and investment agreements with other key economies. Public opinion polling indicates that Christian Democratic voters are critical of the U.S. administration and support a harder line toward Washington. U.S. demands for new concessions from the EU on trade or from NATO in support of Ukraine could lead Merz to take a more assertive stance. He reportedly was ready to support the use of EU retaliatory measures in July if a U.S.-EU trade deal had not been struck. Over the medium term, Merz will need to define how much he is willing to do to try to keep the United States in versus building Germany and Europe's ability to act more independently.

Improving Foreign and Security Policymaking in Germany

Merz agrees with German security policy experts who have long lamented the country's lack of a strategic security culture and the government's stovepiped policy process, and he has used ministerial appointments, public engagements, and institutional reforms to try to address these shortcomings. During coalition negotiations, he reclaimed the Foreign Office for the CDU and gained SPD buy-in for the creation of a National Security Council (NSC) supported by a small staff in the Chancellery. In late August, the Cabinet approved the rules of procedure for these new bodies.

There are three key dimensions to the success of these reform efforts. Most importantly, Merz will need to give life to the NSC by convening it regularly and using it for decision-making. Secondly, a more robust inter-ministerial process is necessary to underpin the NSC and ensure that ministries share information to create the basis for a systematic development and implementation of policy. Finally, Merz will have to work with his Chancellery chief and the chief of his private office, the latter of whom will be double-hatted as head of a small NSC support staff,

to improve the Chancellery's capacity to support him and the NSC as a whole and provide a degree of strategic foresight to government decision-making.

Putting Substance to Reform Proposals

The coalition has agreed to a broad mandate for the National Security Council—a committee of the federal cabinet—aimed at developing an integrated security policy that considers the relationship between external and internal threats, is based on common assessments, and goes beyond addressing immediate crises to develop a more strategic and whole-of-government approach to security. The NSC replaces the existing Federal Security Council, a cabinet committee created during the Willy Brandt chancellorship that has played a limited role largely confined to reviewing military export sales. The new NSC is led by the chancellor and includes the finance, interior, foreign, defense, economics and energy, justice, digital affairs and state modernization, and development ministers as well as the chief of the Chancellery. The federal spokesman, the inspector general of the armed forces, and the heads of Germany's intelligence and federal police agencies also attend NSC meetings, while the chancellor can invite additional ministers as well as state-level or even foreign officials depending on the subject matter. Ministers are obligated to inform the NSC of all departmental actions that would impact German security. To prepare Cabinet meetings, there will also be a committee at the level of the state secretary, the equivalent of a deputy secretary in the United States or permanent secretary in the UK system. The Chancellery chief will head this committee.

To give life to the NSC, Merz must choose to use it. As is evident in other countries with similar bodies—such as the United States and United Kingdom—the NSC's role depends greatly on the leader. In Germany, the constitutional principle of ministerial autonomy, strongly reinforced by the reality of coalition politics and the difference in party affiliation between the chancellor and foreign minister that existed from 1966 through this May, served as obstacles to an integrated policy process. In the past, chancellors and foreign ministers have acted relatively autonomously, with chancellors increasingly dominating key foreign policy sectors due to the rise of international summit diplomacy, their bilateral engagements, and the increased role of the European Council in EU decision-making. Foreign ministers have not necessarily followed the chancellor's lead, while chancellors have been reluctant to rely on the Foreign Office for advice or policy implementation. Coordination between foreign and defense ministers has also often been lacking. Coalition differences have slowed decision-making, which was particularly marked during the previous SPD-Greens-Free Democratic Party coalition under Olaf Scholz, when Germany would sometimes abstain on important EU decisions, such as on the phase out of combustion engines, because of the inability of the government to come to a common position.

Merz campaigned on ending this practice, and his first step in doing so was to reclaim the Foreign Office for the CDU. He and Foreign Minister Wadephul have so far spoken with one voice on key foreign policy issues. They have travelled together more often than their predecessors, particularly in the government's first weeks. Merz's close cooperation with Wadephul and the Foreign Office does not necessarily mean, however, that the chancellor is ready to rely on the NSC as a whole for deciding major security issues. Merz appears to prefer a more informal style of decision-making and has focused more on coordinating with his foreign counterparts than using the Cabinet or NSC to make decisions. How regularly the NSC meets and the degree to which the state secretary coordination committee will be used to discuss alternatives and prepare decisions will indicate how seriously Merz wants to use the NSC. In addition, the NSC needs to be supported by a more robust interagency process, not just at the state secretary level, both to formulate policy but also to implement it once decided. Germany often fails to follow up fully on new initiatives, and a more active interagency process could help to address that weakness.

Creating a National Security Staff Commensurate with the Name

Much attention has been given to the creation of an NSC staff, which is often equated with a "presidentialization" of foreign policymaking. In the past, the head of the Chancellery's foreign and security policy division has been the rough equivalent of a U.S. or UK national security adviser, but his (the chief has always been male) lesser administrative status and leadership of a single Chancellery division have been seen as inadequate to

addressing Germany's security challenges. Until this year, junior coalition parties have consistently resisted strengthening the chancellor's foreign policy support, and in previous coalitions, the foreign minister blocked the creation of a national security council. The SPD acceded this time to Merz's proposal, probably partly due to its dissatisfaction with the dissension that marked the previous coalition and partly believing that SPD control over the finance, defense, and development ministries would protect its role in decision-making. The SPD did insist on a reference to the constitutional provision of ministerial autonomy in the NSC rules of procedure to underline the limitations on a chancellor's ability to directly instruct a minister to take specific action.

Merz also gained SPD buy-in for the creation of a small NSC staff housed in the chancellor's private office and headed by its chief, Jacob Schrot, who was chief of staff to Merz in the latter's role as Christian Democratic caucus chair from early 2022 to their move to the Chancellery. The staff will have three small sections (*Referate*) for support, strategic foresight and planning, and situational assessments. Day-to-day management and support of the chancellor's foreign engagements will continue to rest in the Chancellery division of foreign, security, and development policy, which is headed by career diplomat Guenter Sautter and has a staff more than three times the planned size of the NSC staff. Three other Chancellery divisions will also continue to play an important role in foreign and security policy and international matters: the economic and financial policy division, the European policy division, and the division overseeing intelligence coordination. Schrot has no authority over these divisions, whose chiefs have equal administrative rank to him. Sautter remains the key interlocutor to foreign national security adviser-equivalents, European division chief Michael Clauss liaises with the EU and EU member state officials leading EU policy, and economic division chief Levin Hoelle serves as Merz's G7 and G20 sherpa. These officials have considerably more government experience than Schrot, whose only prior executive experience was serving as special assistant to then-Chancellor Angela Merkel's foreign policy adviser Jan Hecker from 2019 to 2021.

The lack of a single national security adviser-equivalent raises questions about whether this new structure can produce a more fully integrated policy process. Schrot will have to work closely with Sautter and the other division chiefs to ensure that strategic planning is integrated into the day-to-day operations of the Chancellery, let alone the government as a whole. Both Schrot and Sautter have accompanied Merz on most of his foreign travel, with Claus and Hoelle also often attending. Coordination between these officials will be key to effectively addressing both immediate and more long-term strategic considerations. Such coordination will be particularly important in the drafting of an updated National Strategic Strategy (NSS), for which Schrot and his staff will be responsible for preparing for consideration by the NSC. The first NSS was drafted in the previous government's Foreign Office and completed in 2023, with differences between the Foreign Office and Chancellery delaying its completion for several months. Merz said the initial NSS was a solid first effort but wants the update to more clearly prioritize security challenges and provide concrete proposals on how to address them.

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An additional duty of the NSC staff will be to provide strategic foresight and analysis. This is not the first attempt to provide such a capability. A planning division existed in the Brandt and Schmidt chancellorships (1969-82), but that effort generally failed due to bureaucratic resistance and the chancellor's limited attention to the division's work. The Foreign Office has long had a planning staff, which has regularly connected to its counterparts within the EU, NATO, and United States. Schrot has shown considerable interest in the subject, and better Chancellery-Foreign Office cooperation could advance a broader government effort. Schrot will also have to work with his Chancellery counterparts to reach out to the ministries. Just as importantly, Schrot will need the chancellor's support to integrate such analysis into the work of the government, and while his relationship with Merz is close, Merz takes his own counsel and relies on a varying group of advisors.

It is much too early to judge the ability of these reforms to improve the substance and process of foreign and security policymaking, and the return of the Foreign Office to the chancellor's party appears to be the most impactful change so far. Central advisory agencies and decision-making processes have always been dependent on the style and goals of leaders and the political context in which they operate. Merz will need to use the NSC to make decisions and invest time and political capital in developing a more integrated policy process for these

reforms to have any significant chance of success.

Even before his chancellorship began, Friedrich Merz acknowledged the need for Germany to enhance its foreign and security policy to address an increasingly challenging security environment. He took advantage of early opportunities to present Germany as a leader on the world stage. However, he faces more policy choices on Ukraine, Europe, the Bundeswehr, and the transatlantic relationship. An integrated and strategic approach to Germany's security challenges could help Merz tackle these challenges, but only if he empowers his National Security Council by making it a central forum of security policy decision-making.

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