

## Policy Brief

# Grand (coalition) in Europe?

## What the German election outcome means for the EU

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Germany went to the polls on 23 February 2025 at a moment of profound turbulence for the European Union. From a shifting transatlantic relationship to the need to sustain military and financial support for Ukraine to a fragile economic outlook - all while far-right populist parties are rising across the continent - expectations on the incoming German government to shape Europe's response are high. While the CDU/CSU won the elections with a comfortable margin, Friedrich Merz will now have to enter coalition talks with the SPD to form a government. This is not without stumbling blocks. In this policy brief, Jannik Jansen, Johannes Lindner, and Thu Nguyen break down the German election results and assess their implications for four key areas of EU policy: defence and security, competitiveness, climate, and Germany's role in the EU.

### German election results: The good and the bad

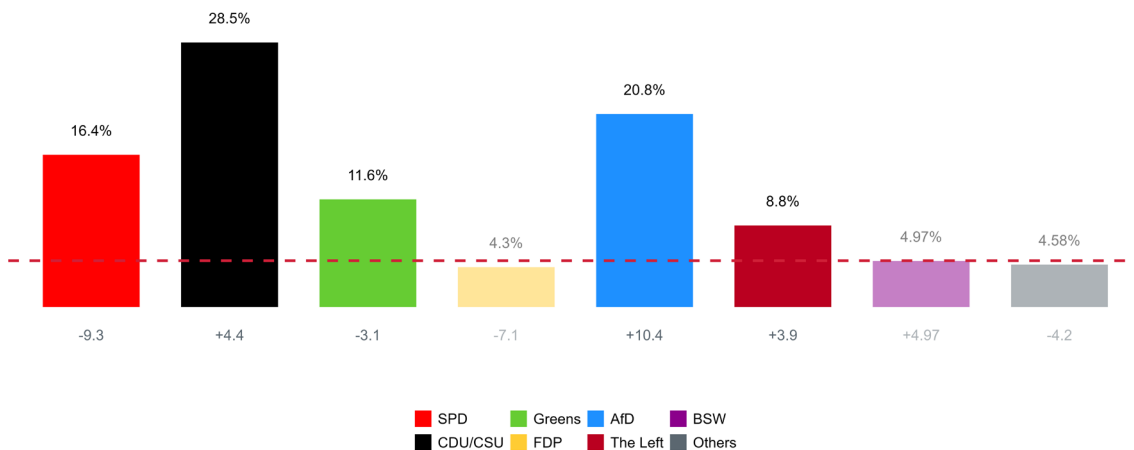
#### Election results

On Sunday, 23 February 2025, Germany went to the polls, delivering an outcome that presents both opportunities and challenges for Europe. As predicted in pre-election polling, the Christian Democrats (CDU/CSU) secured a victory, positioning Friedrich Merz to lead coalition talks and assume the chancellorship. Yet, it was another fact that will have caused a sigh of relief among those watching the bars go up on election night: the fact that a two-party coalition will once again be possible rather than another complicated, and after the experience of the previous government much-feared, three-party constellation. Given the results, the only politically viable path forward is a 'grand coalition' between the CDU/CSU and the SPD – grand in name rather than in numbers – that needs

to come together swiftly to ensure stability at home and decisive action at the European level. The stakes could not be higher, as mounting pressure grows for a unified European response to escalating geopolitical challenges, intensified by Trump’s return to the White House. With many European eyes on Berlin, Merz has set Easter as the deadline for forming a government, underscoring that the urgency of the moment when he said “The world is not waiting for us.”

**CDU/CSU Wins, FDP & BSW Are Out**

Final Election Results & Changes to 2021 Election Results



Source: Bundeswahlleiterin

**The CDU/CSU won by a comfortable margin but was not able to translate the defeat of the outgoing government into a fully convincing victory.** Not only did the Conservatives fall short of the symbolically important 30 percent mark, which would have strengthened Merz’s hand in coalition negotiations, but their 28.5 percent share remains underwhelming – both historically and personally for Merz. It is only slightly higher than Armin Laschet’s 24.1 percent in 2021, as well as lower than any result Angela Merkel achieved as the CDU’s candidate for chancellor. Merz, ever eager to contrast himself to Merkel, whom he has long seen as his rival, campaigned on a conservative pivot away from her more centrist course, but the outcome of last Sunday’s vote fell short of the sweeping victory he had hoped to win.

**The real winners of the night were at the political fringes – but with a fundamental difference in their commitment to the democratic order.** The AfD, which opposes core democratic principles, doubled its vote share compared to 2021, securing second place in parliament and marking a historic breakthrough for the far-right in Germany. In eastern Germany, the party even loomed over the political landscape, surpassing 30 percent of the vote in all five states. At the opposite end of the political spectrum – but firmly within the democratic order - The Left made a rousing comeback, after having been almost written off before the election. With nearly 9 percent of the vote and six direct mandates, the party comfortably re-entered parliament, hurdling both the 5 percent threshold and the alternative three-direct-mandate rule for representation. The party also emerged as the strongest party among young voters. Notably, with many ideological hardliners having defected to BSW, The Left may now be more capable of building compromises with other democratic parties.

**The three parties of the outgoing traffic-light government were punished at the polls.** The SPD hit a historic low of 16.5 percent, the party’s worst result since the creation of the Federal Republic of Germany. The Liberals (FDP) failed to clear the 5 percent threshold, meaning they will exit parliament altogether. While the Greens suffered comparatively smaller losses, their 11.6 percent result still fell well below their pain threshold of 13 percent

- crucially leaving them short of the seats needed to form a two-party coalition with the CDU/CSU, a proclaimed goal. Like the FDP, Sahra Wagenknecht's new left-conservative BSW also just failed to enter the Bundestag, lacking a hair-thin margin of 0.03 percent (less than 14,000 votes) to cross the 5 percent threshold.

**Importantly, the three centrist parties – CDU/CSU, SPD and Greens – missed the constitutional two-thirds majority.** Together they hold 413 seats – seven short of the 420 seats required for constitutional changes. This means that they will need votes of The Left to pass any amendments of the Basic Law, including potential reforms to Germany's constitutional 'debt brake'. Easing these borrowing restrictions is deemed crucial to providing the new government with the fiscal flexibility needed to tackle urgent policy challenges.

**These results matter for Europe.** The snap elections called in Germany – the EU's biggest member state – took place at a time of turbulence for the bloc. The early actions and rhetoric of the Trump administration have not only shattered any notion of transatlantic reliability but have forced Europe to recalibrate quickly. With Washington no longer a dependable security partner, a comprehensive overhaul of European defence and security policy is inevitable, particularly in sustaining military and financial support for Ukraine. At the same time, Europe's economic outlook is still a fragile one, and the rise of far-right populist parties across the continent threatens to exacerbate internal divisions. With expectations high, the incoming German government will be a key player in shaping Europe's response to these challenges. Merz has recognised this and, not least, campaigned on providing clearer leadership and a more cohesive European stance compared to the previous government under Scholz.

#### **Election campaigns: a missed opportunity**

**And yet a sense of urgency accompanying European debates seemed largely absent in Germany,** as also [noted elsewhere](#). When the traffic-light coalition, after months of infighting, broke apart in November 2024, it did so less than 24 hours after Donald Trump's re-election – timing widely seen as at the very least unfortunate. The electoral campaign that followed proved even more misguided from a global and European perspective, particularly as it failed to shift focus despite the drastic policy U-turns in the U.S. following Trump's inauguration. Instead of addressing the pressing challenges in security, defence and climate policy - or even the economy as Friedrich Merz had originally intended – the final phase of the campaign was consumed by a divisive and unproductive debate on migration. Yet, the CDU leader has played a key role in this shift of focus. In response to a series of attacks ahead of the election, Merz sought to demonstrate decisiveness on the issue, going "all-in" by trying to push through a restrictive migration package. This culminated in a political taboo break on 29 January, when, for the first time in Germany's post-war history, the CDU/CSU relied on far-right votes to secure a parliamentary majority, prompting demonstrations across the country.

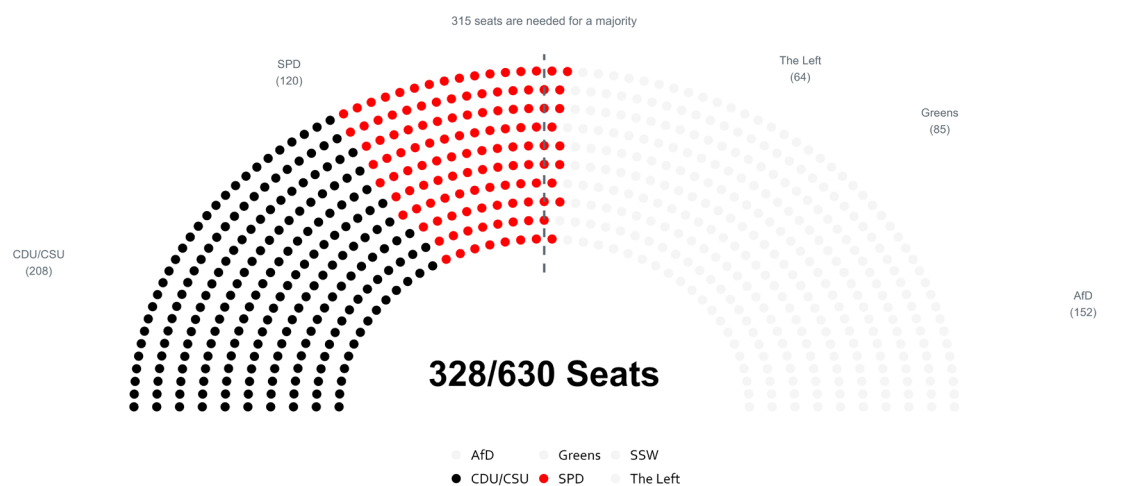
**An opportunity has arguably been missed to inform and prepare the country for what lies ahead – not just for Germany but for Europe as a whole.** However, a fundamental shift in national and EU policy debates toward security and defence, as well as the question of how to finance these, is inevitable. This shift will unfold at a time when other pressing challenges, such as economic stability, social cohesion and climate action, also demand urgent attention (and investment). These challenges cannot be resolved without considering their strong European dimension. It is hence crucial that the new German government takes office as quickly as possible. Given the election outcome, this aspiration may be within reach – but time is of the essence.

## The next German government: a grand coalition

**The CDU/CSU will lead the new government but need a coalition partner to govern. The SPD is their only option.** While, numerically, two parties come into question as partner (the AfD or the SPD) Friedrich Merz has clearly ruled out entering a coalition with the AfD, in line with Germany's tradition of keeping a 'firewall' to hold out the far right – despite facing criticism of having weakened that very principle himself. Together, the CDU/CSU and the SPD would have 328 out of 630 seats, surpassing the 316-seat threshold. A coalition between the CDU/CSU and the Greens would lack a parliamentary majority. But even if the numbers had added up, it would have been highly controversial among the sister conservative parties CDU and CSU, as the CSU leader Markus Söder had consistently poured scorn on this idea during the campaign, threatening to veto such a coalition. As a result, the direction of Germany's policy agenda in the coming years - crucial from a European perspective - will hinge on the negotiations between the CDU/CSU and the SPD and which party prevails on key policy issues.

### Composition of the German Bundestag 2025 - 2029

'Grand Coalition' (CDU/CSU + SPD)



**While a coalition between the CDU/CSU and the SPD has been the preferred option for Friedrich Merz with quite some common ground to form a government, it is not without its stumbling blocks.** Merz may well find it easier to put in practice parts of his policy agenda with the SPD than he would have with the Greens, but deep divisions remain on social and welfare policies. Equally, the SPD will not agree to his plans on migration as long as they are at odds with EU law. There has also been a long-standing disagreement between the two parties regarding the extent of support for Ukraine, though the SPD's cautious stance on arms deliveries might change once Olaf Scholz is no longer in charge. The most likely casualty in the negotiations will be an ambitious climate policy, which is no flagship issue for either party.

**Lastly, it should not be underestimated how much resentment remains within SPD ranks, not just for Merz's move to rely on AfD votes for a parliamentary resolution on migration.** But also for his polarizing and divisive tonality during the election campaign vis-à-vis the centre-left, pro-democracy demonstrations, as well as civil society organisations. Some voices within the SPD have stressed that joining the coalition is not a done deal. While this may well serve as a tactical move to up the price before coalition talks, it also reflects

genuine hesitation. The SPD's poor results have dampened enthusiasm for entering a grand coalition as a junior party, and any attempts by the CDU/CSU to dominate will likely be met with resistance.

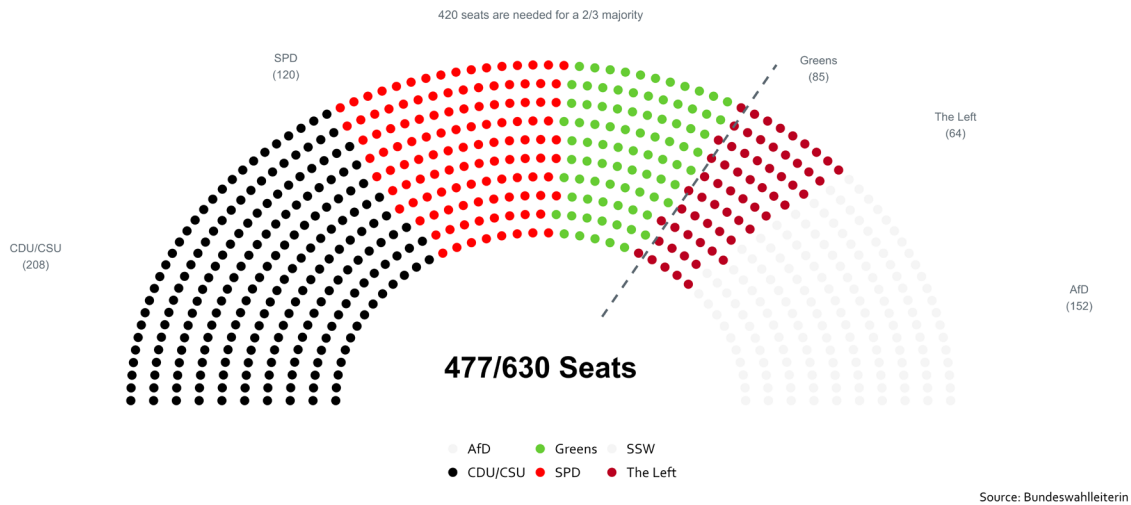
**The primary major challenge facing the incoming government will be the lack of a two-thirds majority in the political centre to amend the constitutional debt brake – whose constraints ultimately toppled the previous government.** The CDU/CSU, the SPD and the Greens together are seven seats short of a two-thirds majority in the new Bundestag and will need to rely on votes from The Left (as support from the AfD is both politically excluded and highly unlikely), for either a reform of the debt break or the establishment of a special fund for defense that would fall outside the debt break. While The Left has been advocating a reform of the debt brake to allow for greater investments in social policy, infrastructure, and climate action, it remains firmly opposed to increased spending on military and defence. This constitutional and political reality leaves the incoming government with three possible options:

**The first option is a quick fix before the new Bundestag is constituted on March 25.** This approach would allow for a compromise between the CDU/CSU, the Greens, and the SPD, which together still command a comfortable two-thirds majority in the outgoing Bundestag. However, this strategy is both politically controversial and practically difficult to realise. In the months leading to the election, the CDU/CSU had consistently resisted any reform of the debt brake. Side-stepping the new parliamentary majorities to push a decision the day after the elections would be rather unorthodox, to say the least. The Christian Democrats have proposed using this majority to swiftly establish a special fund for defence. However, this proposal is unlikely to fly well with the Greens and SPD, both of whom campaigned on broader fiscal adjustments aimed at facilitating investments across multiple policy areas.

**A second option would be to seek a substantial overhaul of the debt brake in the next Bundestag, securing support from the entire democratic spectrum – including The Left.** This approach offers the potential for a sustained reform. However, it also carries significant political risks of a protracted gridlock due to the clashing party preferences. But stances may not even fully uniform within the CDU/CSU. While some CDU-led regional governments might favor a broader reform to ease fiscal pressure, others within the party oppose an agreement not only for fiscal reasons but also with reference to the CDU/CSU's longstanding 'no-cooperation rule' with The Left.

**The final option would be the least sustainable and the least ambitious, sending neither a strong signal of compromise-building nor one of decisiveness.** This approach would involve a muddling through by the new government without a formal reform of the debt brake. Instead, the government would rely on repeatedly invoking the escape clause of the debt brake, which can be activated with a simple majority. However, this strategy is legally questionable, provides only limited fiscal relief, and offers little planning certainty for industry and public investment.

**Reforming Germany's debt brake requires The Left**  
CDU/CSU, SPD, and Greens fall 7 seats short of a 2/3 majority



Below, we will analyse what the grand coalition might mean in general for the most pressing issues for Europe: defence and security, economy, climate and leadership.

**What the grand coalition means for Europe in key policy areas**

**Defence and security**

**How to support Ukraine and ensure Europe's capacity to defend itself against Russia, even without the United States, will be one of the most pressing issues for the next government.** The shift in US politics since President Donald Trump took office in January 2025 has shaken Europe and its leaders to the core. Confronted with a US administration willing to sideline European, and in particular Ukrainian interests, the EU's member states are now facing immense pressure to ramp up their own defence and security capabilities. The commitments in troops, equipment and financial resources will be immense for both Europe and Germany. According to NATO Secretary General [Mark Rutte](#), NATO members will have to spend 3.7% of GDP on defence, even though he acknowledged that this number could be alleviated through innovation and joint procurement.

**Merz has recognised this urgency.** This has been evident not only in his speeches but also in the speed with which he moved to discuss a new special fund for defence after the election, not least due to the fear that the much-needed increase in military spending might be blocked by the new parliamentary majorities. He is strongly committed to Ukraine and has shown a clear-eyed vision regarding where Europe's allies stand. On the eve of the German election, he [said](#) that his priority would be "to strengthen Europe as quickly as possible" so as to achieve independence from the US, recognising that the EU "must prepare for the possibility that Donald Trump will no longer uphold NATO's mutual defence commitment unconditionally". This is no small feat for a German soon-to-be-chancellor and convinced Atlanticist to say. In this vein, he has proposed talks with France and Britain about extending their [nuclear protection](#) also to Germany – a clear change of policy direction. On Ukraine, he has been clear on the need to ensure Ukraine's capacity to defend itself against Russia "[without any limitations](#)". For instance, Merz - different from Scholz - [supports](#) equipping Ukraine with longer-range Taurus missiles.



**He has also heeded Emmanuel Macron's so far only timidly answered call for more European sovereignty** in a [speech](#) on his vision for foreign and EU policy in January 2025 at the Körber Foundation, by advocating it as an important point of cooperation in the remaining two years of Macron's time in office. To streamline German foreign and security policy more effectively, he wants to establish a National Security Council in the chancellery where the most important questions of German foreign, security and EU policy would be decided. It remains to be seen, however, whether he will be able to enforce such a concentration of power in the chancellery against his coalition partner – especially if the SPD would get the foreign affairs ministry, in which case it is even more difficult to imagine that they would willingly cede parts of their power to the chancellery.

**To what extent CDU/CSU and SPD will be able to agree on European defence is not fully clear yet.** The new SPD leadership will still need to decide whether they revise the more cautious position on arms deliveries to Ukraine. Yet, there is broad agreement between CDU/CSU and SPD on other issues. Both parties are committed to the NATO target of spending at least two percent of GDP on defence, and both want to re-introduce military service, albeit one based on a contingency model (CDU/CSU) and one based on voluntary conscription (SPD). Equally, they agree on the need for a stronger European defence industry. Merz will thus likely be able to push for an internal market for defence goods with common export rules and streamlined defence procurement procedures, as the CDU/CSU has advocated for.

**There remain two important questions, on which neither CDU nor SPD positions are clear: joint borrowing and German participation in a possible European Reassurance Force.** Regarding the former, neither Scholz nor Merz have in the past been in favour of joint borrowing at EU level to finance defence, but Merz has recently signalled his openness to discussing it. It seems likely that SPD leader Lars Klingbeil and current SPD Defence Minister Boris Pistorius would also agree as the SPD has shown some openness towards joint borrowing in a [2024 position paper](#). It seems also likely that the conditions for SPD and CDU/CSU agreement to joint European funding will be similar, namely that joint European funding would mean more European projects and needs to lead to financial and efficiency gains. Regarding the latter, their positions remain even less clear: Both have only repeatedly [stated](#) that any discussions on a German participation in a European Reassurance Force in Ukraine would be premature.

### Competitiveness

**The CDU/CSU sought to make the election campaign about the economy and the need for a fundamental reset in economic policymaking.** A second consecutive year of negative growth figures for Germany and fundamental questions about whether the country's economic model was still fit for the future provided ample ammunition for this narrative. In particular, Merz often framed the need for an economic reset as being in conflict with climate protection regulation. The CDU/CSU policy menu consists of a mix of tax breaks for businesses, bureaucratic reductions, investments in key infrastructure, and adjustments to minimum income support and pension system. As with defence spending, the financing side of these plans has yet to be fully spelt out. The rhetoric of revamping the economy has not yet been buttressed by tangible proposals.

**The EU, in turn, is the prime target of a strategy that aims at simplifying regulation and curbing what is perceived as excessive EU bureaucracy.** The CDU/CSU has eagerly echoed calls for cutting red tape, a position best exemplified by a recent [EPP position paper](#), unveiled at a strategically timed summit of EPP leaders in Berlin shortly before the German elections. The joint statement advocates scaling back or delaying several key climate regulations, including the Corporate Sustainability Reporting Directive (CSRD), the

Corporate Sustainability Due Diligence Directive (CSDDD), the Carbon Border Adjustment Mechanism (CBAM), and the EU taxonomy regulation. Merz and his party played a key role in formulating this agenda, underscoring their commitment to a deregulatory shift at the European level to ease pressure on German industry. In addition, there is strong focus on exploring new trade opportunities and expanding markets through additional trade agreements.

**Merz himself stressed in several speeches the relevance of the single market for the competitiveness of Germany and Europe.** In this, he seems to feel more at ease with Enrico Letta and his report, as was also illustrated during a [conversation](#) between the two, than with the one by Mario Draghi. The emphasis on public investment and reference to safe assets have been quickly interpreted as calls for common issuance, which the CDU/CSU opposes, and the focus on industrial policy has been viewed as risking falling back into the trap of choosing winners.

**Yet, addressing the struggles of Germany's automotive industry will be an inevitable priority.** The close entanglement between German automakers and politics, coupled with the weight of looming layoffs and plant closures, ensures that the sector's challenges remain high up the political agenda. The industry's problems are multifaceted – ranging from declining market shares in China and management missteps to slumping electric vehicle sales and Germany's comparatively high manufacturing costs.

**It remains to be seen what the focus on the single market means concretely and how much political capital will be spent on overcoming existing barriers.** Will the former Blackrock manager help building a true savings and investment union? Will he focus on new innovative industries and improve European framework conditions for them? If so, he will have to step on the toes of powerful actors and lobbyists, as well as deeply embedded positions among ministerial officials. Regarding economic security and China, Merz has presented himself as more hawkish and willing to define and defend European interests more forcefully. Again, it will be interesting to see whether he can stand is ground against the strong economic interests of German industry in China. Moreover, he will need to come to an understanding with the French on what a strategic and realistic approach towards new trade agreements could look like and will properly realise that a common industrial strategy will in fact be needed when it comes to reducing dependencies for strategic sectors in the EU.

**The Social Democrats as a coalition partner will make no major difference to this overall policy orientation.** For Merz, it will be easier to find common ground with them than with the Greens, which have presented the green transformation as the primary solution to Germany's structural economic challenges. However, Germany's stance on key European economic issues, including the Clean Industrial Deal, EU fiscal rules and the new Multiannual Financial Framework, will also depend on whether the CDU/CSU or the SPD sets the tone – a decision that hinges above all on who controls the Finance Ministry. For the SPD, as the junior coalition partner, securing the Finance Ministry would therefore be an important political victory, giving them a strong lever over EU economic policymaking.

### Climate and the European Green Deal

**Prioritising the economy over climate was Merz's campaign-season credo.** This stance reflects a broader EU-wide push to refocus away from climate goals and towards competitiveness, as described above, even though, ahead of the elections and in its manifesto, the CDU/CSU reaffirmed its commitment to the EU's climate targets. It has also confirmed the Green Deal's objectives, emphasising the Emissions Trading System (ETS) as the primary tool for achieving them. In line with this, CDU figures like MEP Peter Liese [rejected](#) calls from



countries such as Poland to postpone the introduction of ETS2. However, relying solely on market-based mechanisms while scrapping regulatory measures and green subsidies would ultimately necessitate a steep hike in carbon prices, increasing the risk of public resistance as households feel the financial impact.

**During the election campaign, Merz and his party strategically seized on the traffic-light coalition's most contentious climate policies.** As such, the CDU/CSU explicitly campaigned on scrapping the Building Energy Law – infamously dubbed the ‘Heating Law’ – a hard-fought compromise that nearly collapsed the previous coalition. Also, the party’s ‘immediate action programme’ pledged to reinstate fossil-fuel subsidies for agriculture, reversing a policy that had sparked mass protests by farmers in late 2023. Early in the campaign, Merz also pushed for reviving nuclear power – only to gradually walk this back as experts and former plant operators cast doubt on the economic viability of this endeavour. While Germany’s domestic return to nuclear energy remains an unrealistic prospect, Merz’s stance may signal a less strident opposition to granting capital-intensive nuclear power preferential treatment – akin to that of renewables - at the EU-level. This, at least, is the hope of pro-nuclear advocates like France, which will aim to capitalise on the shifting momentum.

**For the CDU/CSU, the SPD is likely to be a more biddable coalition partner on climate than the Greens would have been.** Many of the items on Merz’s policy agenda on competitiveness could have a lasting impact on the European Green Deal. A coalition with the Greens would have rendered certain CDU/CSU demands - such as a blunt abolition of the 2035 phase-out of fossil fuel emitting cars - outright impossible, whereas it remains to be seen whether the SPD’s rejection will be equally firm. At a minimum, it seems likely that both parties will want to push for a relaxation of the penalties for carmakers that fail to meet the 2025 fleet emission limits. However, even with the SPD as a partner, decision-making on climate policy will not be straight-forward. While the previous SPD-led government [also forwarded](#) business demands to reduce bureaucratic burdens to Brussels, the Social Democrats are unlikely to back drastic deregulation that would undercut the efforts of fellow S&D flagship Commissioner Teresa Ribera to shield the EU’s Green Deal framework from significant headwinds.

**The SPD advocates a more investment-oriented climate policy mix, combining carbon pricing with subsidies to support industry and household transitions.** For example, to re-energise demand for EU-produced electric vehicles, the SPD has called for the re-introduction of socially tiered purchasing incentives – ideally, coordinated at the EU-level. Merz has repeatedly voiced scepticism, but some CDU/CSU politicians have also expressed support for such incentives, leaving room for a potential EU-wide approach. Both parties agree on the need to compensate for the uneven distributive effects of the ETS2 and, despite their differing proposals, a compromise can likely be reached. However, whether it will adequately cushion those most affected by the green transition remains open.

**Doubts persist over whether a CDU/CSU-SPD government would accelerate expansion of renewables and clean technologies at the pace required to meet EU climate targets.** In particular, the CDU/CSU’s contradictory stance on avoiding “technological preference” could ultimately put the brakes on the current momentum in Germany’s expansion of solar and wind power. Beyond direct policy changes, broader concerns loom over the political viability of climate action. Whereas Merz is likely not a dogmatic opponents climate mitigation measures, his campaign rhetoric - framing climate policies as a driver for Germany’s economic woes and dismissing wind turbines as a ‘bridge technology’ or simply ‘ugly’ – has risked reinforcing public scepticism towards green policies.

## Leadership

**Despite his lack of experience in government, Friedrich Merz has made his decisiveness and willingness to reclaim a leadership role for Germany in Europe a major thread running through his campaign.** His first announcements since his victory have matched this with a sense of urgency when it comes to strengthening Europe and his desire to form a government promptly. Merz likes to emphasise his European side: he started this political career as an MEP in the early 1990s during the heyday of Jacques Delors and Helmut Kohl. His focus on leadership has also been a way to contrast himself with Scholz, pointing a finger at the difficulties of the traffic-light coalition to reach consensus on EU topics, also dubbed in Brussels as ‘German vote’. Merz has several ideas about how to strengthen EU coordination within the new government, including the above-mentioned National Security Council.

**Moreover, he has stressed that he would prioritise improving bilateral relations with Poland and France, including trips to Warsaw and Paris on his first day in office.** Close interactions between Merz and Tusk as well as between Merz and Macron already have taken place, giving some first indications that on a personal level, and in terms of common policy agendas, relations may quickly improve. A strong Franco-German alliance supported by Poland in the Weimar Triangle could be built on the twin pillars of European sovereignty and security with a focus on competitiveness and open markets.

**With Merz as chancellor, the European Council’s current tilt toward EPP-led governments will become even more pronounced.** This complements the EPP’s strong position in the European Parliament, led by Manfred Weber, and a European Commission presided by Ursula von der Leyen – both fellow Christian Democrats from Germany. In this context, the relationship between Ursula von der Leyen and Friedrich Merz is particularly interesting. Although von der Leyen comes from the Merkel camp and is considerably more centrist than Merz, he supported her lead candidate bid. However, von der Leyen now faces a rightward shift of the EPP – orchestrated by Weber and likely backed by Merz. However, this shift is not without its tensions. Von der Leyen will be reluctant to see her climate legacy significantly rolled back in her second term. Likewise, she will be wary of the current strong institutional position of the Commission being challenged by a stronger leadership in the European Council, in particular in the field of defence, where the Commission legally has a weaker role to play.

**At the same time, Merz’s actions in the migration debate and his emphasis on national interest cast some doubt on his leadership style.** While his commitments to more leadership have resonated across Europe, Merz will need to prove he can live up to them. His high-stake gambit to force a parliamentary motion on migration with the help of AfD votes has reignited concerns about his impulsiveness, as has the fact that his demands are at odds with EU law and would undermine a joint European approach. There is a risk that he may pursue national or party-political strategies even when the outcome could be damaging for Germany’s standing in the EU and divisive within German society. Merz will be under huge pressure from the AfD who will continue their assault from the right. Withstanding that pressure will be one of the major challenges he will have to face, not just for the sake of the country’s democracy but also for coalition stability.

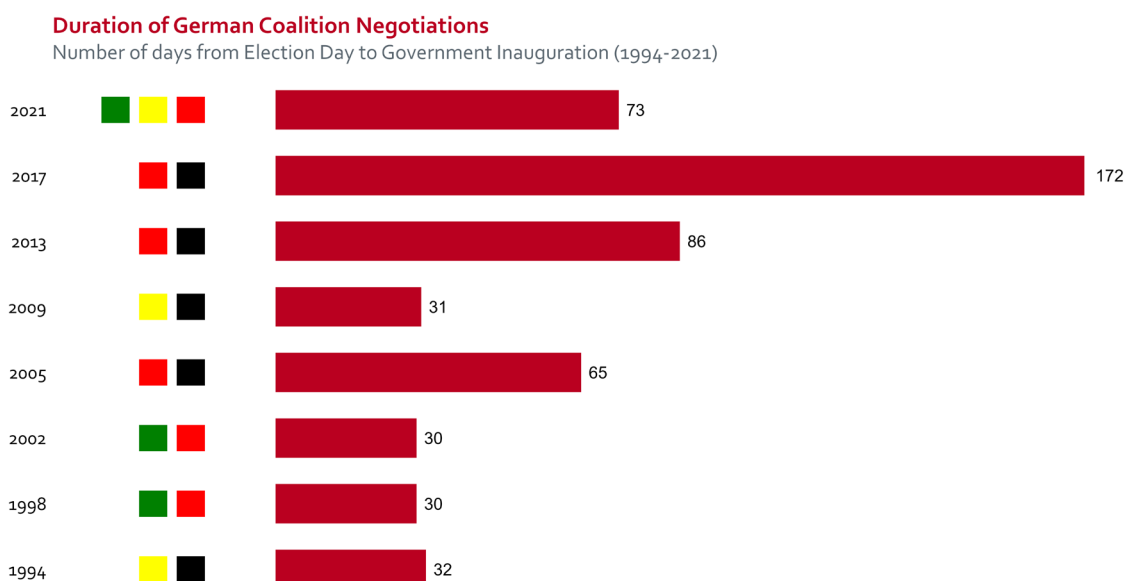
**Genuine leadership demands more than directionally correct yet vague commitments to a European approach to tackling current challenges.** It requires strategic foresight and the willingness to invest political capital in coordinating and defending European solutions. There is worry especially among smaller member states that Merz’s idea of leadership might be one that puts Germany’s interests first and leaves little space for smaller member states’ interests. It is difficult to say whether these fears are justified. One is however tempted

to refer to the mantra of Poland’s current foreign minister, Radosław Sikorski, who once quipped: “I fear Germany’s power less than its inactivity.” In this vein, Merz would ideally embrace an inclusive leadership style and pursue a combined strategy of domestic and European action. In Germany, he would be well placed to lead centre-right voters towards European solutions they would otherwise be critical of. At the European level, he should build alliances that would help him winning over his more sceptical peers from other member states.

**The Social Democrats are likely to support a European focus – even if this entails a shift to the right.** In its programme, the SPD has long been decidedly pro-European even though the salience of EU topics has not been high. The francophile Defence Minister Pistorius has forged strong links with his French counterpart and earned respect among his European peers. As the country’s most popular politician, he is also likely to play an important role in the new government. So will SPD party co-chair Klingbeil who has just been elected as leader of the parliamentary group. In the context of the *Zeitenwende* (inflection point) in 2022, Klingbeil had urged Germans to view themselves more clearly as a ‘leading power’, willing to assume more responsibility in terms both of foreign policy and of military capacity. It will be interesting to see how strongly the Social Democrats will counterbalance the shift to the right and impact the leadership style of the new government.

### What happens next: Timeline of coalition negotiations

**Merz has proclaimed his goal of forming a government by Easter, i.e. the weekend of 18 April.** That would give him 54 days counting from the day of the elections. This is an ambitious timeline but not impossible. In the past, the duration of coalition talks ranged from 30 days to 172 days, though the latter was an outlier in 2017 resulting from the breakdown of coalition talks between the CDU/CSU, the FDP, and the Greens, which led to a second round of negotiations between the CDU/CSU and the SPD that finally culminated in a government. This time around though, there is no time to waste. Merz has recognised this and clearly stated that he is aware the world will not wait for the German government to assume office. However, this does not mean coalition talks are without obstacles, both with regard to the divisions on policy described above and with respect to procedure. Given the time pressure and the fast-moving agenda in Brussels, it is unlikely that the coalition agreement will entail strong and detailed commitments on EU issues.



**The SPD has already announced that it would put the coalition agreement to a vote of approval by its members in line with its customary practice.** This has two implications. First, the vote is estimated to take two weeks, meaning the coalition agreement would have to be finalised by the beginning of April – leaving just over a month for the negotiations. It is thus a promising sign that Merz and Scholz were holding initial talks two days after the election and that discussions between the parties’ leaderships will start by the end of the first week following the election. Second, the coalition agreement will need to reflect the Social Democrats’ priorities in such a way that it can pass the vote in the SPD basis. In 2018, the last grand coalition negotiations, 66 percent of the SPD base voted in favour of the agreement. While this was a clear majority, their approval is by no means a given. At the same time, a rejection of the coalition agreement is not an option either: It is either the grand coalition or no coalition. The two parties, both in their leaderships and among their members, need to recognise the onus upon them to get this right.

### Conclusion

**The tasks of the new German government and the expectations riding on it are huge.** Revitalising the economy, revamping defence spending, keeping course on the commitment to international climate agreements both nationally and at the European level, all require leadership – in Germany and by Germany. And the clock is ticking. The Trump administration is rapidly creating facts on the ground, and many consider a further surge of the far-right at the next general election likely if the new German government cannot make good on its goals. Elon Musk calling to congratulate AfD’s lead candidate Alice Weidel symbolises how Germany’s, and Europe’s, internal vulnerabilities and external challenges are mutually reinforcing. While taking a cohesive and forward-looking stance on Europe will not be enough on its own to address each of these challenges, without this stance Europe and Germany will be in much deeper trouble. The fledgling German government will therefore have little choice but to take on this responsibility. It will do this best if it understands leadership in an inclusive and reliable way that builds on close cooperation, in particular with France, but also Poland and the other EU member states, with EU institutions and beyond.

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