
Nº 191 - JANUARY 2015

Enabling or evading? Germany in the Middle East

Kristina Kausch

➤➤ Something is shifting in German foreign policy. Berlin's traditional reluctance to engage in military action abroad has marked it as a security free-rider as far as its European and transatlantic allies are concerned. Since reunification, Germany's foreign policy has focused largely on securing commercial interests to support the country's export-oriented economy, with the result that Germany has been coined a 'geo-economic' international actor. More recently, however, a number of events have intensified debates on the maturity of German foreign policy. During the Eurozone crisis, Germans came to realise that their European Union (EU) partners actively wanted the country to assume a leadership role. The speech by President Joachim Gauck at the Munich Security Conference in January 2014 both expressed and framed a new narrative for German foreign policy. More recently, as the unravelling of the Middle Eastern status quo advances at great speed, it is time for a more purposeful role for the EU's strongest member in dealing with developments in the Middle East and North Africa (MENA).

The deep-seated rejection of military deployments abroad by the German electorate has made successive governments in Berlin reluctant to increase Germany's role as an international security actor – beyond technical and humanitarian missions. Since the *Bundeswehr's* first troop deployments abroad in Kosovo (1999) and Afghanistan

HIGHLIGHTS

- Germany's influence in the Middle East and North Africa is limited, and nowhere in the region is its role potentially game-changing.
- But Berlin's role in shaping EU positions, its close alliance with Israel, its good relations with Iran, and its growing partnership with the GCC bestow it with some geo-political influence.
- As the unravelling of the Middle Eastern status quo advances at great speed, a more purposeful role of the EU's strongest member is due.

2



(since 2001), the 2003 US-led intervention in Iraq pushed German public opinion firmly back towards anti-militarism. Chancellor Merkel has stressed that rather than being a front row military power, Germany should focus on ‘enabling’ friendly governments to contribute to the peaceful resolution of conflicts (a posture for which *Der Spiegel* in 2012 controversially coined the term ‘Merkel Doctrine’). Critics have qualified such position as a populist tactic to play to German export interests and avoid direct military action abroad.

Looking eastward rather than southward, Germany’s engagement and profile in the MENA region has been limited. In addition to its commercial interests and desire to contain migration, broader regional security concerns are the main driver of Germany’s partnerships and approach in the region.

BERLIN’S ECONOMIC STAKES

The impact of developments in the Middle East on global commodity prices is a concern for Germany, which imports 97 per cent of its oil and 86 per cent of its gas. Unlike many other EU member states, however, Germany does not source much energy from the Middle East (see Figure 1),

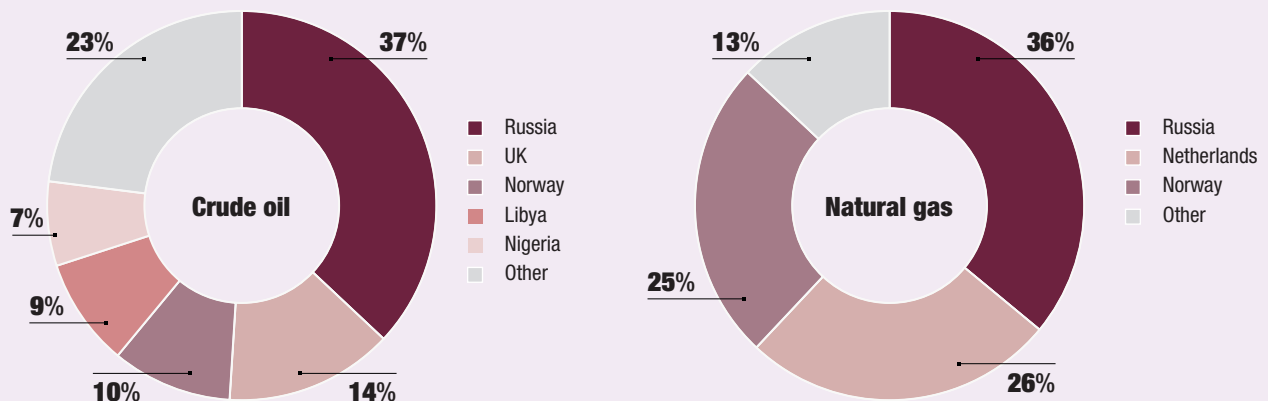
apart from some oil from Libya and Algeria, but practically no gas. Until the fall of the Gaddafi regime, Libya was Germany’s main oil supplier in the Arab world. The deteriorating security situation in Libya, however, will likely require Germany to seek other suppliers.

In light of periodical crises with Russia and, most recently, the 2014 crisis over Ukraine, the need to reduce Germany’s dependency on Russian gas imports has been exposed. Without alternative pipelines in place, however, options to substitute Russian gas with that from the Middle East are limited. Germany has no liquefied natural gas (LNG) import terminals to receive LNG from the Persian Gulf. To reduce dependency on Russia, Germany aims to buy more in the EU (e.g. Norway). Over the long run, Germany’s *Energie-wende* (energy transition) policy aims to reduce fossil fuel use and cover half of its electricity consumption with renewables by 2030.

The volume of German trade with Arab states has more than doubled since 2002, reaching €50 billion in 2013. Berlin maintains the closest commercial ties with the countries of the Gulf Cooperation Council (GCC): in 2012, German exports to Saudi Arabia (mainly hydro-chemical products and petrochemicals) and Saudi exports to Germany increased over 71 per cent and 28

Figure 1
Main energy suppliers to Germany (2012, percentage of total imports)

Source: International Energy Agency, Country Profile Germany



per cent, respectively. German foreign direct investment (FDI) in Arab countries, by contrast, remains limited. According to the United Nations Conference on Trade and Development (UNCTAD), German FDI stock in North Africa, after having tripled in a decade (from \$1.07 billion in 2001 to \$3.5 billion in 2011), dropped by half following the 2011 uprisings to \$1.7 billion in 2012. Over the same decade, German FDI stock in West Asia (largely equalling the Middle East and Turkey) increased eightfold (from \$1.8 billion in 2011 to \$14.6 billion in 2011). The most important destination for German FDI among Arab countries are the United Arab Emirates (UAE), Egypt, Libya and Saudi Arabia, although none of these gets close to Turkey, which alone holds more German FDI stock than all Arab countries taken together.

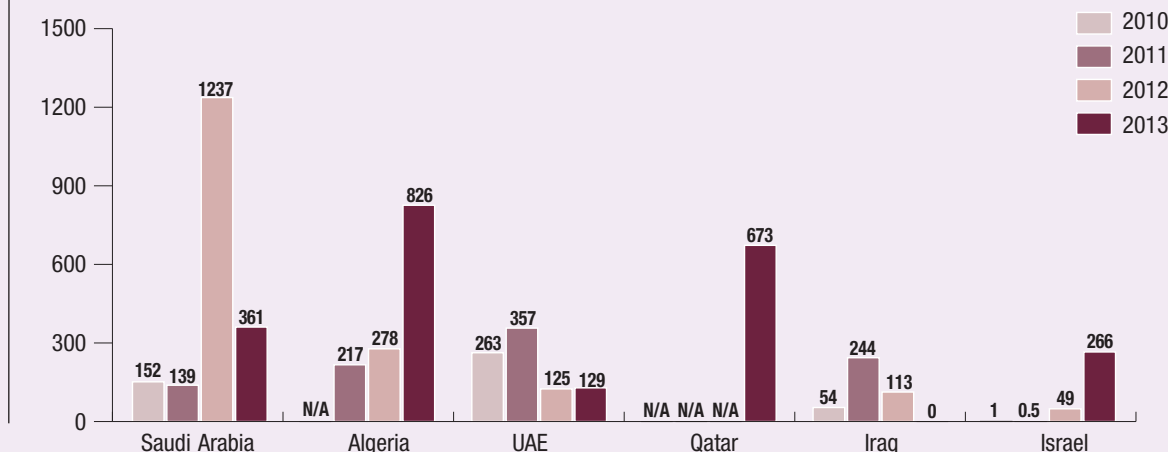
Germany's politically most significant export to the MENA is weaponry and military equipment. The political relevance of German arms sales stems less from their (comparatively moderate) volumes than from the nature and timing of exports to unambiguously repressive regimes. Germany is the third-biggest arms seller worldwide, accounting for 7 per cent of global exports, according to the Stockholm International Peace Research Institute (SIPRI). The Merkel government loosened restrictions on arms exports at the

height of the economic crisis. Dwindling European defence budgets and fiercer competition in the arms market with Russian and Chinese competitors have led German commercial exports to non-allies (so-called Third States) to increase massively from €180 million in 2009 to €843 million in 2011, accounting for 62 per cent of German arms exports in 2013. Periodical public outcries about German arms sales to authoritarian Gulf monarchies in recent years have intensified debates over the need for tighter regulation of German arms exports.

In 2009-13, SIPRI reports that 17 per cent of German arms exports went to the Middle East. After decades of intensive bilateral security cooperation, Israel remains Germany's top long-term arms client in the region (in 2009-13 it received 8 per cent of total German arms exports). In recent years, however, export licenses have skyrocketed to Gulf monarchies UAE, Saudi Arabia and Qatar, as well as Algeria. In 2012, Germany cleared new arms sales worth €1.2 billion to Saudi Arabia alone (see Figure 2), ranking Riyadh as Germany's top global arms client that year. Sales of controversial small firearms increased by 50 per cent in the period 2009-13, and many of these went to Saudi Arabia and other MENA countries. German-made tank pieces and crowd control equipment such as teargas were cleared for delivery to regimes known for domestic

Figure 2
New export licences for 'weapons of war', * main MENA destinations (in million EUR, rounded)

Source: Source: Bundesministerium für Wirtschaft und Energie (BMWi); Rüstungsexportberichte 2010-13.
* A list of weapons qualified as 'weapons of war' is annexed to the BMWi's annual report on arms exports (*Rüstungsexportbericht*).



4



repression. In 2013, Germany cleared the sale of 62 Leopard tanks to Qatar, marking the first time the German government allowed the sale of tanks to an Arab state. German arms exports to the region reflect both a political rationale (strengthening the position of regional partners) and an economic one (the Gulf defence market being one of the most lucrative in the world). Demands to strengthen arms export restrictions along ethical criteria have met with strong opposition from the German arms industry, and impatience from potential Gulf clients.

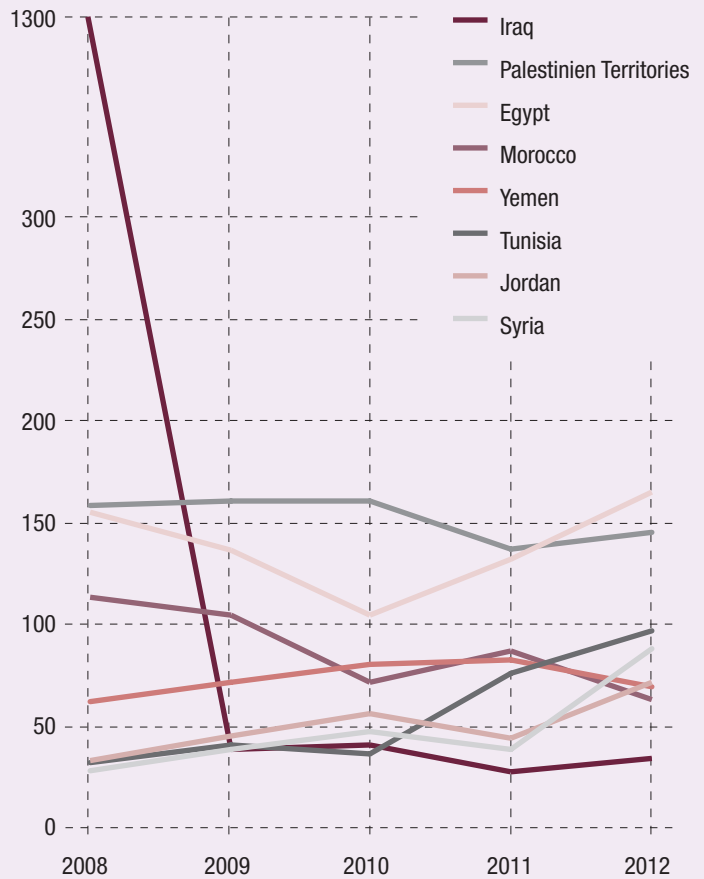
With the exception of Germany’s military assistance to Israel (which is considered to be a contribution to Israeli self-defense), German direct arms delivery to strengthen one side of an ongoing conflict is a novelty. The August 2014 decision to deliver arms to Kurdish fighters to counter the Islamic State (IS) in Iraq was adopted by the government and cleared by the Bundestag against the will of the German public, 63 per cent of whom opposed this move (according to an August 2014 Forsa poll).

In the area of development cooperation, the MENA region ranks low among Germany’s geographic priorities. The region’s share of Germany’s total bilateral net Official Development Assistance (ODA) fell from 34 per cent in 2007 to 9 per cent in 2012. Over this period, the bulk of ODA to MENA countries went to Iraq, Egypt, and the West Bank and Gaza. In the past few years, Germany has reduced its aid levels to Iraq, and to a lesser degree to Morocco, while enhancing allocations to Tunisia, Jordan and Syria in the wake of the 2011 uprisings.

In spite of Germany’s moderate aid levels, the country ranks high as a bilateral aid donor in many MENA countries. For example, Germany is Iran’s largest bilateral aid donor, whose contribution – although small in absolute terms – exceeds the next biggest donors by threefold. Although Germany’s position as an aid donor bestows it some leverage in those countries that depend heavily on aid, Germany’s position as a commercial powerhouse and most influential country in the EU is likely to outweigh any aid-related influence. (see figure 3)

Figure 3
German bi- and multilateral net ODA,
main MENA recipients (in million EUR, rounded)

Source: German Federal Ministry for Economic Cooperation and Development



SECURITY CONCERNS

Beyond its economic interests in the Middle East, Germany seeks to maintain stability, but has little aspiration – or assets – to pro-actively shape the larger course of the region. Several policy choices regarding the Middle East have significantly influenced the wider debate on German foreign policy. Germany’s abstention in the United Nations Security Council (UNSC) vote on the establishment of a no-fly zone over Libya in March 2011 marginalised Berlin from its allies, and was seen by many as a low point for German foreign policy since the end of the

As dynamics in the fight against IS increasingly point towards a long-term engagement of the coalition, Germany is likely to become more entangled in the dynamics of conflict

Cold War. This experience prompted Germany to adopt a somewhat more vocal stance on Syria. Furthermore, as mentioned above, the recent decision to arm Kurds fighting IS was the first time that post-war Germany has delivered weapons to back a specific side in an ongoing armed struggle.

Germany's abstention on Libya was perceived among GCC partners as a missed opportunity to deepen its political ties with the region, especially given Germany's leadership role within the EU.

Some Gulf analysts have argued that the GCC countries see the EU and its member states as potential security providers for the Gulf. They would like to see Germany taking the lead in building EU security capacities to counteract the security threats in the Levant.

Berlin's main security concerns in the MENA region include: Israeli security and prospects for a two-state-solution for Israel and Palestine; Iran's nuclear proliferation and the implications of an Iranian-Saudi

stand-off; and containing the spread of transnational jihadism and conflicts in and from an increasingly uncontrollable Levant.

Historic responsibility

For the past five decades, Israel has been Germany's closest bilateral ally in the region, and for Israel, Germany is its closest ally after the US. The two countries have shared a long-term security partnership since the 1960s. In 2008 Angela Merkel, who is very popular in Israel, was the first foreign head of government to be invited to address the Knesset. In her speech she underlined Germany's 'special historical responsibility for Israel's security' as being part of Germany's *raison*

d'être'. Decisions on German arms exports to the MENA region are routinely consulted with the Israeli government. Germany is Israel's second biggest arms supplier, after the United States (US). Some arms purchases, such as submarines, have been subsidised by the German government by up to one-third of the price. Israel is the only country in the world whose arms purchases from Germany are directly subsidised by the German government.

Its special relationship with Israel notwithstanding, Berlin maintains good and stable relations with the Palestinian leadership in Ramallah. Germany is the fourth-biggest bilateral donor to the Palestine Liberation Organisation (PLO), but maintains no official relations with Hamas. Although Berlin welcomed the formation of a Palestinian unity government, it insists on the Quartet conditions prior to ending the isolation of Hamas. Although German diplomats admit a two-state-solution to be increasingly unlikely, Germany works with the PLO to build its capacities to that effect. Germany was the main force within the EU to push for US State Secretary John Kerry's initiative to revive the peace process in 2013-14. It also supported the EU's recently tougher line on Israeli settlements.

At the same time, however, Germany remains very reluctant to criticise Israel publicly. During the 2014 Gaza war, German statements did not address the high Palestinian death toll and Berlin abstained from a United Nations (UN) Human Rights Council vote on a statement condemning Israeli actions in Gaza. By abstaining from the November 2012 UN General Assembly vote that indirectly recognised Palestinian independence, Germany aimed to avoid alienating Israel while at the same time not discouraging Palestinian ambitions for statehood. Germany's special relationship with Israel both enables and limits its options to influence the peace process. Most Arab governments today accept that Berlin's positions and actions on the Israeli-Palestinian dossier will never overstep certain boundaries (for example, nobody expects the German parliament to vote on Palestinian independence, as recently happened in a number of EU countries).



From a regional perspective, Germany's arms sales to Saudi Arabia serve Israel's interests. At a time when the Saudi-Iranian competition for regional dominance develops into the most marked feature of regional order, Israel looks favourably on deepening military ties between Germany and the GCC states. This underscores Israel's tacit alliance with Riyadh in its shared interest in countering Iranian influence.

Ending Iran's isolation

Among EU member states, Germany has had the best relations with post-1979 Iran. It is Iran's second-biggest trade partner and most important aid donor. Among the Iranian public, Germany has a very positive image. Since the beginning of Merkel's tenure in 2005, Berlin has aligned itself with US and Israeli tougher stances and calls for economic sanctions, while also strengthening Saudi Arabia's position through arms sales. Germany is a member of the P5+1 nuclear talks with Iran. Within this grouping, Berlin has been taking a middle position between Washington and Paris pressing Iran, and Beijing and Moscow's reluctance to corner Teheran. Foreign Minister Steinmeier has been pushing for a comprehensive deal to be concluded quickly, in an effort to re-integrate Iran into the international community and avert nuclear proliferation. The German government has been arguing that a deal with Iran would remove a major roadblock to solving other regional security challenges. Awaiting the end of the sanctions regime under a possible long-term nuclear deal, German businesses are primed to maximize their commercial advantage.

Syria, Iraq and transnational jihadism

Mindful of the criticism its hesitation over Libya engendered, on Syria the German government has been struggling to reconcile a policy of restraint with the need to remain in sync with its North Atlantic Treaty Organisation (NATO) allies. Berlin recognised the Syrian National Coalition as the legitimate representative of the Syrian people early on. In December 2011, Merkel pushed for a UNSC resolution against Assad and sided with the opposition. More broadly, however, German's Syria policy has been hesitant. Merkel made it

clear that Germany would not be part of a military intervention in Syria but would seek to agree a common position within the EU. Four years after the 2011 Arab uprisings, German diplomats admit that hopes for an imminent end to the Syrian civil war have evaporated. In the meantime, Germany carries on assisting the Syrian people with a half-hearted and low-key approach. With political options scarce and military action ruled out, German policy in Syria has been focusing on humanitarian aid and diplomatic efforts – which are, as one German diplomat told this author, 'a drop in the ocean'.

Germany has, however, dedicated a special effort to the refugee dossier, having given refuge to over 70,000 Syrians until October 2014, including many key opposition figures. The Syrian opposition has an office in Berlin. Upon taking office under the Grand Coalition, Steinmeier and Defence Minister von der Leyen also pushed through a *Bundeswehr* participation in destroying Syria's stockpile of chemical weapons (which Merkel had suppressed in her previous governing coalition to appease the then coalition partner, the liberal FDP). In October 2014, Berlin hosted an international conference on the Syrian refugee crisis intended to help neighbouring countries cope and reduce the prospects of regional security spill-over. The German security services have also been working to monitor and contain the flow of foreign fighters between Germany, Iraq and Syria – an effort likely to gain further impetus following the recent Charlie Hebdo attacks in Paris.

In Iraq, Germany enjoys a generally positive image owing to its opposition to the 2003 invasion. Nevertheless, Germany's role and ambition in Iraq is marginal. One diplomat admitted to this author that in Iraq Germany was 'dropping aid over the mountains but (had) otherwise no clue what to do'. The above mentioned August 2014 decision to deliver arms to Kurdish Peshmerga was a highly controversial precedent. Taken against the background of the IS siege on Iraqi Yazidis, the move was justified by Merkel primarily on humanitarian grounds. Although the government had initially ruled out troop deployment, by

December the cabinet had approved the sending of 100 German troops to train Kurdish fighters. The exact objectives and strategy underlying these decisions, however, remain unclear. As dynamics in the fight against IS increasingly point towards a long-term engagement of the coalition, Germany is likely to become more entangled in the dynamics of the conflict.

CONCLUSION

Germany's influence in the Middle East is limited. Nevertheless, Berlin's role in shaping positions within the EU, its close alliance with Israel, its good relations with Iran and its growing partnership with the GCC states mean that it is far from being a toothless geopolitical actor in the MENA. Germany's reluctance to even consider deploying military power has marginalized it as a player in most of the Middle East's major hotspots. Acting largely as a reluctant bystander, German deliberations on the MENA have tactily prioritised reactive firefighting on security matters and the conservation of the political status quo.

The combination of rhetorical moral ambition, primacy of commercial interests and military passivity positions Germany's approach to the MENA as a prime example of the West's prioritisation of superficial stability in the Middle East. In Palestine, Germany's reluctance to put pressure on Israel has favoured the status quo in Gaza. In Syria, Germany has been as inconclusive as its international allies in advocating non-intervention without advancing better options. Germany's role in the Iran negotiations has been positive and constant. If and when Iran comes back in from the cold, however, Germany is likely to prioritise commercial relations and Tehran's collaboration on regional issues over domestic reforms. Germany's priority is avoiding conflict, but with the EU's neighbourhood in turmoil, both its focus on the stability of authoritarian regimes and its security free-riding appear increasingly unsustainable. Recent decisions by Berlin to adopt a more proactive stance in dealing

with security crises in the MENA suggest that German foreign policy may be slowly starting to shift.

Kristina Kausch is head of the Middle East and North Africa programme at FRIDE

This Policy Brief belongs to the project 'Transitions and Geopolitics in the Arab World: links and implications for international actors', led by FRIDE and HIVOS. We acknowledge the generous support of the Ministry of Foreign Affairs of Norway. For further information on this project, please contact: Kawa Hassan, Hivos (k.hassan@hivos.nl) or Kristina Kausch, FRIDE (kkaus@fride.org).

**e-mail: fride@fride.org
www.fride.org**