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SPOTLIGHT

Merz Government Appointed in Germany

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On 6 May, Christian Democratic Union (CDU) leader Friedrich Merz became Chancellor of Germany. In a vote in the Bundestag, he also received support from the party's Bavarian peer the Christian Social Union (CSU) and the coalition partner Social Democratic Party of Germany (SPD). The Chancellor obtained the required majority but only in the second vote, which weakens his position. The formation of the government brings to an end to a period of six months of political uncertainty in Germany sparked by a split in the coalition forming Olaf Scholz's government that led to early elections to the Bundestag in February this year.

What is the lineup of the new government ?

The CDU and SPD each received seven portfolios, despite a decidedly weaker result than the Christian Democrats (16.4% of the vote vs. 28.5%), which should be considered a success for the Social Democrats in the negotiations over the division of ministries. Three ministers from the CSU also entered the government. Merz's concessions on this issue made it possible to push through important demands for the CDU [in the coalition agreement](#): an increase in defence spending and a decisive tightening of migration policy. The division of ministries is intended to preserve equal influence of the coalition partners, but could cause disputes over competence, as in the case of the previous government. Among the key ministries, the CDU was given the economy and foreign affairs ministries, while the CSU was given the interior ministry. SPD leader Lars Klingbeil became Vice Chancellor and finance minister. Boris Pistorius of the SPD retained his position as defence minister. The appointment to the foreign ministry of Christian Democrat Johann Wadepful ensures the Chancellor's direct influence on Germany's international policy, as he will make the most important decisions, which reduces the freedom of action of the ministry's head.

What challenges will the Merz government face in domestic politics?

The most important challenge is to improve the economic situation. Since 2023, the economy has been stagnant, and Ministry of Economy forecasts in April this year indicate that they will only see GDP growth (about 1 pp) in 2026. Back in March this year, the Bundestag decided to create a special fund of €500 billion for infrastructure investment, which is expected to improve the economy. The government also promises to cut red tape and gradually reduce taxes for businesses.

A [major theme in the election campaign](#) and a call for the government is to curb migration to Germany. Expect to see an expansion of the powers of the police and migration services, an increase in deportations and a strengthening of border controls, including turning back migrants at the borders. Building trust in the government will also be a challenge. According to a FORSA survey for RTL TV in late April, only 32% of those surveyed thought the Merz government would handle the challenges better than the previous cabinet. The problems in securing the majority in the Bundestag point to the reluctance of some coalition deputies towards the Chancellor, which will hinder the efficient processing of legislation.

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What will be the main directions of Germany's foreign policy?

The Merz government will seek to maintain transatlantic ties and U.S. involvement in Europe. To this end, it will increase funding for the Bundeswehr—as of March this year, defence spending above 1% of GDP will not be counted in the budget deficit. A problem in relations with the U.S. will be the Trump administration's tariffs on European products and his support for the AfD party, deemed extremist by German counterintelligence. On the tariff issue, Merz will seek to influence the Trump administration by emphasising the benefits to the U.S. of trade with the EU. In policy on China, political dialogue will be accompanied by a greater emphasis on reducing unilateral dependencies in line with the de-risking strategy. Germany will remain committed to European integration and support the European Commission's plans to improve its military capabilities and defence industry. Merz will push for more frequent use of enhanced cooperation mechanisms (between eager Member States) than before, depending on the international situation. This will weaken both EU institutions and the position of Eurosceptic states, especially Hungary. The Merz government recognises Russia as the main threat to security in Europe. He will continue political and military support for

Ukraine. The government also has not ruled out providing new weapons, such as long-range Taurus missiles, something the previous Chancellor rejected.

What can be expected in Polish-German relations?

The new government will seek to improve relations with Poland both bilaterally and in the Weimar Triangle format. Germany's goal, resonating with Poland's interests, is to strengthen cooperation on, among others, providing support to Ukraine and maintaining the American presence in Europe, as well as improving the competitiveness of the EU economy. In addition, goodwill gestures towards Poland can be expected, such as a symbolic commemoration of Polish victims of World War II in Berlin, or the announcement of infrastructure projects to improve cross-border connections between the two countries. Work on a new Polish-German treaty modelled on agreements governing relations between Germany and France is also possible. In contrast, a field of potential conflict is the issue of limiting migration. While Poland will push for better security of its eastern border, for Germany the priority will remain to strengthen controls on its border with Poland. Possible unilateral actions such as turning back migrants by German services will be a strain on mutual relations.