



Germany-U.S. Relations: A Return to the Strategic Partnership

Lidia Gibadło, Mateusz Piotrowski

Since Joe Biden's presidency began, Germany's relationship with the United States has improved. The U.S. made significant concessions, primary among them agreeing to the construction of the Nord Stream 2 (NS2) gas pipeline. This is a new opening for the U.S. in the bilateral relations and sets the foundations for the reconstruction of the strategic partnership with Germany that Biden sees as necessary to implement U.S. policy towards a post-Brexit Europe. However, the possible reluctance of the next German government to adopt a more confrontational policy towards China could be a challenge to that goal.

[The election of Biden as president of the United States](#) was seen by Germany as an opportunity to normalise bilateral relations that had been weakened in Donald Trump's term. Consultations between incoming Secretary of Defense Lloyd Austin and Defense Minister Annegret Kramp-Karrenbauer and new Secretary of State Antony Blinken and Foreign Minister Heiko Maas were the first bilateral meetings of the new administration (14 April and 23 June, respectively). Biden and Chancellor Angela Merkel then consulted in person at multilateral forums, including the [G7](#) and [NATO](#) summits in June. On 15 July, a bilateral meeting took place in the U.S. with Merkel the first European leader to meet Biden at the White House.

Improving Bilateral Relations. The U.S. quick concession to Germany [regarding the NS2 gas pipeline](#) was fundamental to the raising of relations. In May, the U.S. suspended the imposition of sanctions on some entities designated by the State Department, namely on the Swiss company Nord Stream 2 AG and its CEO, which would have halted the pipeline's construction. The decision was argued by the negative impact of the sanctions on "the United States relations with Germany, the EU and other European allies and partners". This indicated that the U.S. assessed the benefits of gaining Germany's close cooperation on global and European issues of key importance to Biden over the threats of NS2 on European security. In the opinion of the U.S. authorities, these concessions, a marked success for Germany, made it possible to win over the latter to back Biden's key international initiatives, primarily the

necessity to compete with China. [In July, Germany and the U.S. signed an agreement under which Germany undertook to create a Green Fund to support Ukraine's energy transformation.](#) Total investments under the fund are to amount to \$1 billion, and Germany initially allocated at least \$175 million dollars to it. The German government is also expected to take steps to extend the Ukrainian-Russian gas transit agreement for another 10 years ([the current one will expire in 2024](#)). If Russia uses gas transport as a tool of pressure on Ukraine, Germany has declared its readiness to impose sanctions on Russia that will restrict the import of energy resources to Europe. Germany also announced support for the Three Seas Initiative (TSI) in the areas of energy security and renewable energies. Additionally, Germany will allocate \$1.77 billion to projects of common interest in the energy sector under the EU multiannual financial framework for 2021-2027.

The significant increase in the importance of bilateral relations is also indicated by Biden's resignation from [the relocation of about 12,000 U.S. soldiers based in Germany](#) and the decision to increase those forces by 500 troops. Germany is also taking advantage of the change of U.S. authorities regarding funds allocated to defence. During his next meeting with Kramp-Karrenbauer in June, Secretary Austin expressed his satisfaction with Germany's continued increase in spending in this area—since 2014, defence allocations have risen by 44%, or by €14.49 billion. The Biden administration also has implied that the 2% of GDP by 2024 target will no longer be treated as

the most important measure of the Allies' contribution to common security.

Trade remains an important element of German-American relations. For Germany, the U.S. is the most important export destination—in 2020, it totalled €103.8 billion (8.6% of all foreign sales). However, the problem for the U.S. is the persistent trade surplus on the side of Germany, which reached €36.1 billion. The United States is also the main target of interest for German investors (€391 billion, 30% of all foreign investments in 2019) and the largest investor in Germany (€57 billion, 10% of all foreign investments in 2019). An important aspect of bilateral relations is [the technical dependence of the German economy on the American IT industry](#).

Washington Declaration. During the Biden-Merkel meeting, issues of U.S.-German cooperation on climate policy, the fight against COVID-19, and the strengthening of Ukraine's sovereignty and territorial integrity were discussed. Areas where the two countries have different approaches were also discussed, including how to limit the growing influence of China or counteracting Russia's aggressive actions. The meeting ended with the Washington Declaration, which outlines the long-term prospects for cooperation. It emphasises their commitment to democratic values and institutions, observance of international law, including territorial integrity and freedom of navigation and flight, the striving to make Europe "whole, free and at peace", continuing cooperation within NATO, adherence to Article 5 of the Washington Treaty, and the safe development of innovation and new technologies.

The declaration announced new cooperation mechanisms. The first is the Energy and Climate Agreement. In addition to policy consultation, it is intended to strengthen cooperation on electric vehicles and renewable energy and how to store that energy. The partnership also provides for joint investments in the energy transformation and ensuring the energy security of Central and Eastern European countries, which is consistent with the provisions of the U.S.-German agreement. Moreover, to strengthen trade relations, it was agreed to establish an economic dialogue and a Futures Forum, which is to bring together experts and civil society.

Conclusions. Biden aims to build a strategic partnership with Germany. This is to increase the American ability to exert effective influence on European politics, as well as to clear the air for European support in the U.S. confrontation with China. For Germany, the partnership represents a return to the Obama-era model of relations in which Germany's position in Europe was rising thanks to close coordination with the U.S. With the withdrawal of the UK from the EU, Germany—strengthened by close cooperation with the U.S.—can more effectively promote its interests within the framework of European policies. The return of the U.S.-Germany strategic partnership is also buoyed by the positive attitude towards the U.S. and Biden's administration of the main German political parties. The probable next government, which is to be selected after the September elections, will likely not include extremist parties. However, a complication in this cooperation could be the demands of the [Greens](#) and the [SPD](#) for Germany to withdraw from the sharing of American nuclear weapons within NATO. A greater obstacle may be [German opposition to confrontational policy towards China, out of fear for economic interests](#). Germany may politically support the U.S. in its approach to China, even using military instruments (such as the March cruise of the *Bayern* frigate in the South China Sea), but economic ties with China will remain a matter of dispute with the U.S.

The improving U.S.-German relations may strengthen transatlantic relations, foster NATO cohesion, and intensify U.S.-EU cooperation, however the tightening of the U.S.-German partnership and the coordination of their policies should not take place without the involvement of other key partners in Europe, primarily Ukraine. It should also not lead to concessions that translate into policy towards Russia that undermines the security of Central and Eastern Europe. Based on the joint declaration of the Polish and Ukrainian foreign ministers, the U.S. and Germany should work towards the fastest possible implementation of the commitments undertaken in their agreement, otherwise the partnership will lose credibility and it will be harder for both countries to pursue their broader political goals. Germany's response to possible attempts by Russia to use gas transport blackmail against Ukraine will be a test of the security guarantees contained in the U.S.-Germany agreement.