

Think

new things

Make

new connections

Terms of Reference

***Zeitenwende*: a new Germany for new times?**

23-24 March 2023

DITCHILEY

“We are living through a watershed era. And that means that the world afterwards will no longer be the same as the world before.”

Chancellor Olaf Scholz

Has Russia’s war on Ukraine, and the western response, permanently changed Germany’s sense of self and role in the world? What are the implications for Germany of the increasing geopolitical tension between China and the United States? What do these very different but simultaneous geopolitical developments mean for Germany’s identity, political culture and strategy for the years ahead?

What will be the impact on defence policy, the economy, *Ostpolitik* and Germany’s role in the EU? How will German industry adapt to increasing geopolitical friction with trade with China? How will Germany meet its energy needs and can Germany use the economic pressure to accelerate its green transition? How will these cumulative pressures impact on German politics?

Looking beyond Germany, what do Germany’s friends and allies want, need and expect from Germany in the months and years ahead? What does Germany need in turn from friends and allies?

Background

In his speech three days after the Russian invasion of Ukraine, Chancellor Scholz set out a set of measures to support Ukraine and defend against what he described as the wider assault on peace and democracy in Europe. Germany would support Ukraine by supplying weapons, applying sanctions and defending European security with an unconditional commitment to NATO, more active action within the United Nations Security Council and in providing greater international leadership. He set out an intention to secure energy supplies and reduce dependencies. Significantly, he announced much more investment in security. This meant much more funding for new and stronger capabilities for the Bundeswehr, Germany’s armed forces. This amounted to what Scholz described as a major national undertaking with the goal to create a “powerful, cutting-edge, progressive Bundeswehr” that can be relied upon to protect the German people. This collection of measures which marked a historic turning point in German foreign and security policy and in its approach towards Russia, has been characterised as *Zeitenwende*, the end of one era and the beginning of another.

That speech was made nearly 10 months ago. Since then, the war has caused severe constraints in global energy supply and increases in the cost of living at home and has contributed to a global economic downturn. Strains have appeared, for example, with the United States’ expressing (strongly in private) dissatisfaction with German support for Ukraine and with Chancellor Scholz’s trip to Beijing in early November. France and Poland have raised concerns over Germany’s efforts to secure its energy supply without consideration of the wider fallout for Europe. Within Germany, there has been debate over Germany’s Russia and China policy and indications of increased political support for Alternative for Germany (AfD), especially in East Germany.

In some ways, these criticisms may be premature. The underlying philosophy of *Zeitenwende* has not yet had time to bed in within the thinking, policies and actions of major German

institutions, including in political parties, civil society and the private sector. Such a profound change of direction needs the support of deeper political and intellectual ballast and time to explore wider ramifications.

How does *Zeitenwende* change the course of current German politics? What are the effects of Russia's war on Ukraine on politics, not only in Germany but more broadly in Germany's neighbouring countries and across Europe, including the UK? How does *Zeitenwende* help prepare for future shocks and a serious acceleration in, for example, cyberwarfare? What will the responses be from other countries to Germany's changing security and foreign policy? How can policies to reduce energy dependency align with Europe-wide energy policy aims? How can other countries, particularly the US, support the process of *Zeitenwende*?

Beyond the war in Europe, a different, slower but perhaps still more strategic shift is taking place in relations between the United States and China. The US Administration is not seeking at all a full decoupling of trade between China and the West – there are many deep dependencies on both sides and, overall, trade continues to grow. But the recent restrictions on the export of the most advanced chip technologies for AI mark a new level of determination by the US to slow the advance of Chinese capabilities in the technologies that will determine power in the future. The US military, meanwhile, is closely focused on the risk of a Chinese invasion of Taiwan (with little prospect of peaceful reunification in sight), with 2025 seen as the deadline for the US to have the capabilities and policies in place to deter such an invasion. In this context, increased friction in trade between China and the West is likely and there will be strong pressure to agree a unified line across western allies. How will this strategic shift impact on Germany, whose industries are heavily dependent on exports to China?

Framing these geopolitical developments are three broader transitions affecting all countries:

- The technological revolution and in particular the rise of AI: how will this transition combine with geopolitical tensions to change Germany?
- The imperative of action to curb climate change and adapt to the rise in temperatures and increases in extreme weather incidents that are already apparent: how will geopolitical events and the subsequent energy crisis impact on climate change action?
- We have moved from a world of persistently low inflation and interest rates to likely persistently high inflation and rising rates, combined with sluggish growth and recession. How will this combination shape Germany's evolution?

For the middle part of the conference, we will split into three working groups to explore these issues in more detail, aiming to reach useful insights and recommendations for policy makers, diplomats and private sector leaders in Germany and her allies.

Group A will examine the impact of geopolitical events and the broader trends described above on **Germany's capability and self-conception as a military and diplomatic power** in Europe. How will German defence spending need to evolve? What capabilities will be most important? How might Germany's political willingness to deploy military power evolve? Which alliances and relationships will be most important? What do allies want from Germany as a NATO and regional partner? What will these shifts mean for Germany's role

in the EU and attitude towards EU institutions? Is the concept of a special relationship between Germany and Russia finished? How should Germany's policy towards Russia evolve?

Group B will explore the impact of events and broader trends on **Germany's economy and how German approaches towards energy markets, trade and trading alliances** might shift. How will Germany meet its energy needs and in tandem pursue action on climate change? Will Germany's trading relationship with China need to evolve? How will the impact of events change Germany's economic role within the EU? How will Germany bring inflation under control on the one hand and pursue growth on the other? What do Germany's economic partners want from Germany and need to understand about Germany?

Group C will look at the impact of the fast changing geopolitical and economic context on **Germany's people, culture and polity**. Is German society ready for a more militarily and diplomatically able and active German foreign policy? What will the concurrent crises mean for the relative strengths of different trends in German politics: economic interests, environmentalism, pacifism, nationalism and the new right? How is the picture different across Germany's regions and especially between East and West? What do Germany's friends need to understand about Germany? How will Russia respond to the new Germany that is emerging?

Ditchley Germany

Ditchley has always held discussions with and about close European allies but 2023 will mark a strengthening of this partnership with the launch of Ditchley Germany (or affectionately and informally, "Ditchley Deutschland"). The aim will be to deepen German involvement in Ditchley discussions across the entire Ditchley programme, recognising the many shared strategic interests across the Transatlantic community. This conference will launch a series of discussions more closely focused on shared interests with Germany.