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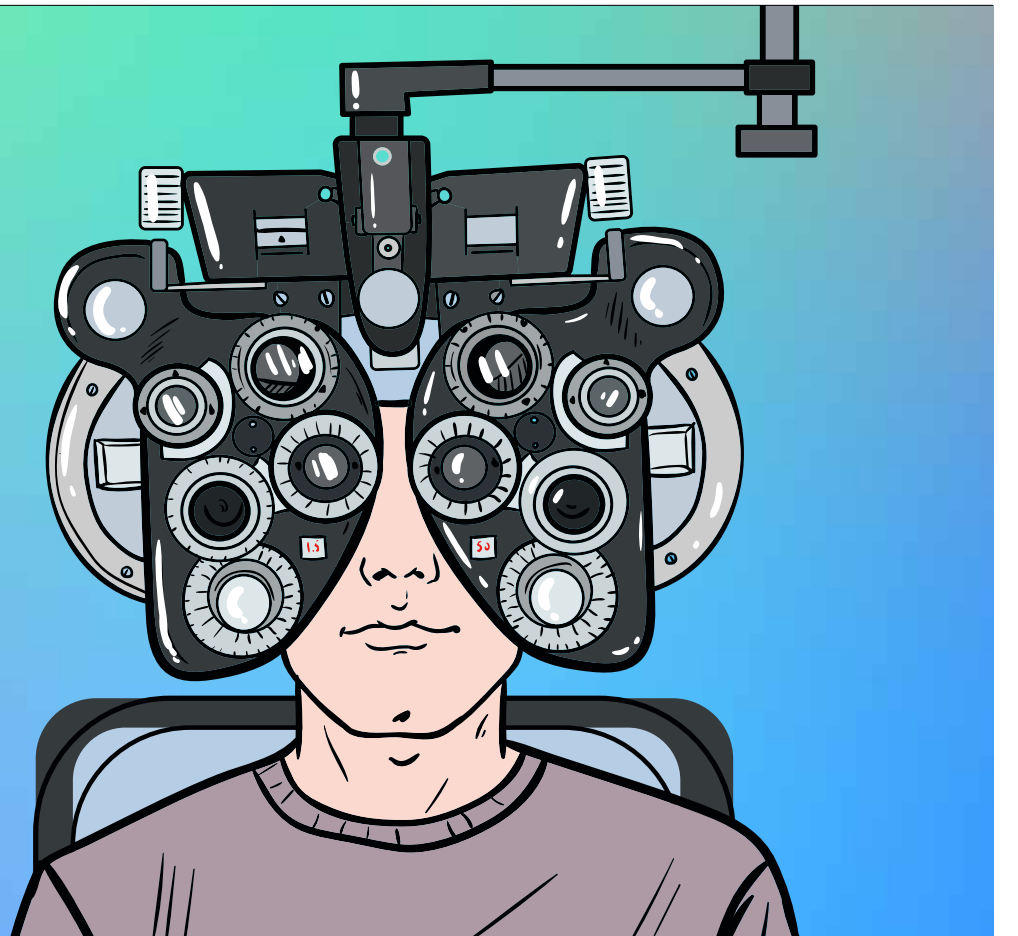
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NEW SPECTACLES

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SHUTTERSTOCK

IN THIS ISSUE

While Germany is looking at its relationship to NATO (page 5), the US is making significant improvements to its Ramstein Air Base – with the help of their German hosts (page 4).

Two of the nation's most reputable institutions, Deutsche Bank (page 14) and the national soccer team (page 22), have not made good impressions of late. The Basic Law, on the other hand, is very much alive and going strong at age 70 (page 8) while Dirk Nowitzki's 21-year NBA career has brought him great appreciation as a global basketball legend (page 23).

Enjoy the scenery and gain insight into the deep philosophical significance Germans place in the forest (page 17), and while you're there, you just might see a wolf and learn about how humans and animals can see eye-to-eye on certain issues (page 18).



A paper within the paper

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Trading up

The European Union is trying to forge a more robust partnership with China

BY THEO SOMMER

Since 2003, China and the European Union have been committed to what is called, rather grandiloquently, a Comprehensive Strategic Partnership. In this framework, their trade relationship has flourished above all others. For 17 years now, the EU has been China's biggest trading partner, while China has become the EU's second-biggest partner after the United States. In 2018, their trade volume reached an impressive \$682 billion.

In recent years, however, the Europeans have found their economic relationship with the People's Republic less and less satisfactory. They started complaining ever louder about unfair trade relations and a lack of reciprocity in investment relations while toughening their stance on Chinese business practices, such as restricted market access, forced technology transfer, unlimited industrial subsidies and limited respect for intellectual property rights. Moreover, Chinese companies buying or buying into European enterprises are facing far more stringent scrutiny than before.

"Europe must defend its strategic interests," explained EU Commission President Jean-Claude Juncker, announcing the introduction of a new mechanism for investment screening whenever a foreign acquirer raises security concerns. Characteristically blunt, French President Emmanuel Macron chimed in: "The period of European naïveté is over." The new mood was faithfully reflected in a Joint Communication by the European Union and the High Representative for Foreign Affairs and Security Policy, published on March 12, 2019. By the second paragraph, the document already struck a bold new tone:

"There is a growing appreciation in Europe that the balance of challenges and opportunities presented by China has shifted. In the last decade, China's economic power and political influence have grown with unprecedented scale and speed, reflecting its ambitions to become a leading global power.

"China can no longer be regarded as a developing country. It is a key global actor and leading technological power. Its increasing presence in the world, including in Europe, should be accompanied by greater responsibilities for upholding the rules-based international order, as well as greater reciprocity, non-discrimination and openness of its system. China's publicly stated reform ambitions should translate into policies or actions commensurate with its role and responsibility."

Pulling no punches, the next paragraph stated that the 2016 Strategy on China remained the cornerstone of EU engagement, yet it provided the basis "for further EU policy shift towards a more realistic, assertive and multi-faceted approach. This will ensure that relations [...] are set on a fair, balanced and mutually beneficial course." (A footnote, which must have stuck in Beijing's gullet, while confirming the EU's continued adherence to its "one China Policy," underlines its persistent commitment to developing its relations with Taiwan.)

Looking at different policy areas, the authors presented multi-faceted pictures of China. They called it:

- a cooperation partner with whom the EU has closely aligned objectives,
- a negotiating partner with whom the EU needs to find a balance of interests,
- an economic competitor in the pursuit of technological leadership,
- and a systemic rival promoting alternative models of governance.

"This requires a flexible pragmatic whole-of-EU approach enabling a principled defense of interests and values," they reason. "The tools and modalities of EU engagement with China should also be differentiated depending on the issues and policies at stake. The EU should use linkages across different policy areas and sectors in order to exert more leverage in pursuit of its objectives."

Reviewing relations with China, the Commission and the High Representative recommend that "the EU should robustly seek more balanced and reciprocal conditions governing the eco-

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Trading places

The US is pursuing a protectionist agenda that breaks with its own ideals

BY ALEXANDER HAGELÜKEN

You have to give Donald Trump credit for at least one thing: He never hid his feelings about China. One year before he was elected 45th president of the United States, he wrote in his manifesto *Great Again: How to Fix Our Crippled America*: "There are people who wish I wouldn't refer to China as our enemy. But that's exactly what they are."

An erstwhile trading partner becomes a stated enemy – it's hard to imagine a greater break from the tradition of US economic policy. And in the more than two years since his presidency began, Trump has pursued this rupture as consistently as he could. He pulled out of groundbreaking trade agreements, including the TPP with Asian-Pacific states and the TTIP with Europe. He continues trying to incapacitate the World Trade Organization (WTO). And he has imposed a wave of punitive tariffs – the likes of which have not been seen since World War II – that

are directed at countries on virtually all continents.

This protectionist approach is completely new for the traditionally economically liberal United States. The policy still seems to be polling well among Trump's followers. But the actual economic and political balance sheet associated with this new approach is showing negative figures. The president is alienating countries that have been close partners for decades, thus doing tangible harm to his own country and the global economy as a whole, while also failing to meet his publicly proclaimed goals. Even the forthcoming deal with China – if it actually comes – will not be able to make up for this catastrophe.

The logic behind Trump's punitive tariffs is that by making foreign products more expensive, they will prompt US consumers to purchase domestic goods instead. However, despite the duties levied on many of its partners, the US trade deficit shot up by a whopping 20 percent to reach €620 billion in 2018. This was its highest level in 10 years. America the weak.

Even those who insist that Trump's punitive measures will begin to show a marked impact starting this year will have to acknowledge the problem: Politicians cannot simply switch on the demand for domestic products, as Trump suggested he could while addressing the frustrated industrial workers in the Rust Belt. In fact, consumers often end up buying foreign goods anyway, in spite of the customs duties, simply because those goods are of better quality, or because US products are much too expensive, or because they're not available at all. In recent decades, the US economy has relied on services, in particular on the financial industry and digital services, while US heavy industry slumped – or had bulk goods produced abroad.

In addition, the nations that are targets of Trump's punitive tariffs usually tend to strike back and increase the price of US goods in their own countries – goods that consumers then usually leave to gather dust on the shelf. In turn, this has a negative impact on the US trade balance.

In macroeconomic terms, the tariffs are also highly doubtful in the first place. We see this in the steel and aluminum sectors, where Trump took measures against his economic partners across the board. As a recent study by the Boston Consulting Group showed, this approach did indeed benefit US steel manufacturers in the short term by helping them sell more and increasing their profit margin by 5 percentage points to 14 percent. And yet, investors have little faith in such a trend because they simply don't believe in any long-term effects. As a result, despite their higher profits, the manufacturers' share prices nosedived.

Plus, much more importantly, Trump has made production more expensive for all US companies that use steel. "Metal processing and steel-dependent companies, where easily 10 to 20 times the number of people are employed than in the steel industry, face great challenges," wrote Boston Consulting in their report. "Higher steel prices negatively impact their profits and lead to lower-level competitiveness as well as job losses."

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Read & Greet

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Washington Office

The German Times
A Trans-Atlantic Newspaper
4200 Wisconsin Ave NW #106-381
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Office Manager

Alice Gallasch Kelley

Contact

washington@german-times.com

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BY MATTHIAS NASS

Is Brexit a wash? The question is not as absurd as it once might have been, not since the European Union heads of state agreed on April 10 to once more extend the date for the UK leaving the EU.

The chaos in London, which has caused so much headshaking and frustration on the Continent in recent weeks, has an upside: the nonsense of Brexit and the full extent of its consequences has once again been laid bare before the eyes of Britons. Now ever more British citizens are asking: What in the world are we doing?

No one wins when their country becomes a laughingstock. But this is exactly what's happening. The Oxford historian and journalist Timothy Garton Ash sheds some light: "Brexit has made everyone crazy. It's a national nervous breakdown."

So it's good that the EU special summit has approved an extension of the UK's departure date to Oct. 31, 2019. The six extra months give British politics some time to come to its senses.

European Council President Donald Tusk and German Chancellor Angela Merkel entertained an even longer delay, but French President Emmanuel Macron would hear nothing of it. He fears that the poisonous British debate could cross the Channel and consume the Continent; but most of all, he would like to refocus on other, supposedly more important topics.

But a half-year is plenty of time to confront Britons – politicians and citizens alike – with the question: What is truly in the best interest of the country?

Without the lies UK citizens were served before the first referendum in June 2016 – and without the broad disinterest among young voters at the time – the first plebiscite would have turned out quite differently. Today's level of understanding of the issues is much greater, the lies have cracked and many of those who wearily declined to vote in 2016 are now highly motivated by the dysfunction of government and parliament.

The nation has peered into the abyss – and shuddered. Who today still harbors future dreams of a "global Britain"?

One great disillusionment has settled in. And perhaps this is just the right precondition to jolt some rational policy. Prime Minister Theresa May has needed almost three years to stumble her way onto the obvious path, which is to seek a compromise with the opposition over an issue of such fateful significance.

The radical principle of majority rule in British politics – winner takes all – has met with dramatic failure over Brexit. The Tories and Labour only ever

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Trading up

economic relationship." To change the current balance, they propose 10 actions. These range from promoting reciprocity and opening up procurement opportunities in the People's Republic, to calling on China to deliver on existing joint EU-China commitments – clearly a reaction to the fact that China has been generous in making announcements and signing agreements but very hesitant to really take action; it loves to repackage undelivered old promises as new concessions. Action 10 envisages the unveiling "of security risks for foreign investment in critical assets, technologies and infrastructure."

Such unaccustomed candor must have taken the Chinese aback. It was an inauspicious backdrop to the 21th EU-China summit. Small wonder that it took the delegations in Brussels 50 hours to smooth over the differences. Looking back, President of the European Council Donald Tusk described the negotiations



European patriot, London, April 8, 2019

Brexitravanza

More time is a blessing – for the UK and the EU both

search for consensus within their own ranks, never between the parties. But this time, the deep divide among conservatives could not be bridged.

At its root, Brexit was the result of the relentless power struggle between Tory opponents and Tory proponents of the EU. To resolve this conflict once and for all – in favor of the pro-EU contingent, so he hoped – David Cameron scheduled a referendum for June 2016. It was a colossal, historic and indeed irredeemable mistake.

Only now, much too late, has Theresa May sought a conversation with Labour, whose chief, Jeremy Corbyn, has his own agenda. Unlike a large segment of his party, he would also like to leave the EU, but to spare the country's economy from suffering too gravely and losing too many jobs, he would like to remain in a customs union with the EU.

And Theresa May is now cautiously indicating that she could imagine the same. The "soft" Brexit that this would represent, supported by a majority of MPs on both sides of Commons, is thus theoretically a possibility. May could thereby still achieve the mandated exit from the EU that she has desperately been seeking for months on end, maybe by as early May 22. This would save the UK from having to participate in the European

Parliament elections that begin a day later on May 23.

However, the political calculus of Labour runs counter to this eventuality. Why should Corbyn and his people help to victory a prime minister they disdain, even despise? And – as May has promised to resign subsequent to the UK's departure from the EU – why should they help install at 10 Downing Street a different Tory who in all probability will emerge from the hardliner camp? Given these questions, it's nigh impossible to imagine Labour helping the prime minister attain the majority she needs in Commons.

The stalled negotiations between the government and Labour are now accompanied by a political development that neither May nor Corbyn is happy to see. For the first time at least since the 2016 referendum, something resembling a pro-Europe movement is gaining steam in the UK. Around a million people took to the streets of London recently to demonstrate against Brexit. And an online petition requesting Parliament to revoke Article 50 so that the UK may remain in the EU gained more than six million supporters in just a few days.

MPs in favor of remaining in the EU have combined to form a new party in the House of Commons, The Independent Group, which includes eight former Labour deputies and three ex-Tories. The

Independent Group is striving to cast the European elections – in which the UK must participate if it hasn't yet exited the EU by May 22 – as a "soft referendum." The pro-Europeans in the UK are mobilizing – finally.

At the other end of the political spectrum, the right-wing populists are also organizing anew. Nigel Farage, the founder of the UK Independence Party (UKIP), has introduced his new Brexit party, raging that the political establishment has deliberately thwarted the British people's decision to leave the UK.

Many Europeans on the Continent have grown weary of the Brexit chaos. They think the idea of a country participating in an election to a body they will soon vacate is a farce. But in fact, it represents an opportunity for something positive for the UK and Europe alike.

This election is without precedent. In the past, European citizens have found the EU elections to be a bore; but this time they sense there's a lot at stake. Right-wing forces are mobilizing like never before, and across national borders to boot. Yet, the advance of populism and nationalism in the EU is driving centrist citizens to the ballot box in greater numbers than ever before.

British participation would heighten the importance of this election even more. It would dramatically underscore what the

election is actually about: asserting Europe's position in global power circles alongside China, Russia and Donald Trump's America. In the election, both politicians and voters must come to terms with the harm caused by populist agitators and charlatans in all the countries of the EU, not only the UK. Seen in this light, the election could become a moment of truth for Europe.

After the delay of the UK's exit date was agreed upon at the EU special summit on April 10, European Council President Donald Tusk warned the Britons that they now must *use* the time. The danger is just too great that the government and opposition – now that the time pressure has been lifted – will return to the trench warfare they have indulged in over the past months. That would be devastating.

A half-year is too little time to remedy the deficiencies of British political culture that the chaos of the Brexit debate has laid bare. But six months is indeed enough time for another calm evaluation of the pros and cons of exiting the EU. Many if not most Britons will soon realize the exorbitant price the country will have to pay.

All polling indicates that the majority-minority relationship between proponents and opponents of Brexit has flipped since the 2016 referendum. Would a second referendum – a "confirmatory vote" – deepen the divide in British society even further? Perhaps. But the vote would be the culmination of a much more thorough debate than was the case three years ago, and the public would now be informed to a degree incomparable to that in 2016. A second referendum would thus benefit from a political legitimation that is almost beyond reproach.

A British reconsideration would be in the best interest of Europe. Not only does Russian President Vladimir Putin wish to see a weakened EU; the Trump administration has engaged in a policy of open hostility towards Brussels. With a prime minister like Boris Johnson, Trump would have a united front in his campaign against the despised multilateralism emanating from Brussels. The international conglomeration of nationalists would gladly welcome the UK into its fold.

The Europeans have given the Britons a respite, and we should all be thankful that they mustered the patience to do so. For, as Philip Stephens wrote in the *Financial Times*, "Exasperation is not a strategy." There's nothing more that Europe can do for the Britons. The decision is theirs alone.

Matthias Nass is an international correspondent for *Die Zeit*.

as "difficult but ultimately fruitful." Any close analysis of the seven-page final statement does not necessarily bear this out. While a breakdown was avoided, it is hard to say whether a breakthrough was achieved. It all depends on how lax or loyal China will be in following through this time.

The commitments made by both sides are more about future talks than about specific actions. Bland formulations abound – such as the EU and China "commit to ensure equitable and mutually beneficial cooperation in bilateral trade and investment"; they "agree to maintain communication"; they "welcome future exchanges"; they "agree to intensify efforts"; and they "agreed to forge synergies."

What would a win-win look like? I suggest the following:
□ Diplomatic wins for China: The EU did not make any references to China as a systemic rival, nor did it call Chinese trade practices unfair. Moreover, the EU agreed to forge synergies between China's

Silk Road Project and its own Connecting Europe and Asia program. And Premier Li could take away the assurance that Huawei will not be excluded from participating in the installation of the G5 network in the EU.

□ Diplomatic wins for the EU: China vowed to boost trade with the European Union by providing a level playing field. Premier Li Keqiang promised to broaden market access, oppose forced technology transfers and to cooperate on WTO reform concerning industrial state subsidies. Most important, however, China pledged to sign an investment deal with China "by the end of next year, or earlier." It's been a bone of contention between them for several years.

The Europeans certainly liked Premier Li's statement that Beijing was by no means trying to divide the European Union: "We emphatically support the European integration process in the hope for a united and prosperous Europe," he wrote in *Handelsblatt*, Germa-

ny's leading economic newspaper. The proof in the pudding is in the eating, of course. Li traveled from Brussels to Dubrovnik for a meeting with the 16+1 Group founded by the Chinese in 2012, comprising 11 EU members and five non-EU Balkan states. It has become the extension of China's Silk Road Initiative into Europe – and a source of worry that China would use it to drive a wedge into the EU. Li rejected this allegation forcefully. He also no longer spoke of 16+1, or 1+16, as the Chinese chose to call it, but more modestly of "Cooperation of China with Central and Eastern European countries." It remains to be seen whether that is anything more than verbal cosmetics. The same goes for Europe's future relationship with the Silk Road Initiative. Is Beijing really willing to relinquish absolute control over its worldwide infrastructure crusade?

The Brussels summit could become a true turning point. And whatever differences remain,

Europe and China have rediscovered that they have not only problems with one another but also many significant common interests. For example, they stand shoulder to shoulder in the fight against climate change. Upholding free trade and averting protectionism is another shared interest, as is saving the Iran nuclear deal.

In the looming new world order, China is going to play a momentous role. Like other great powers, it will at times be a partner, at other times a competitor and occasionally even an antagonist. But it is not an enemy. While its relationship with Europe may remain ambivalent, precarious and arduous, the two parties can achieve many positive objectives if they concentrate on their commonalities rather than on their differences. Cooperation should be the motto, not confrontation.

Theo Sommer is executive editor of *The German Times*.