Germany

'This is certainly a moral question, but it is also a question of economic and political common sense. Europe cannot live in freedom as long as there is disunity and conflict in its neighbourhood' – Gerhard Schröder, German Chancellor, speaking to the African Union in 2004.

Germany's changing Africa agenda

The gradual evolution of Germany's foreign policy over the half-century since the end of World War II has been characterised as having alternated between self-restraint and self-assertion[1] In the initial years, the element of self-restraint was a guiding principle for both the (Western) Federal Republic of Germany and the (Eastern) German Democratic Republic. The unique fraternal rivalry between that existed between them provided a particular slant to foreign policy that did not apply in other countries. This focus predominated until the two Germanies were reunified in 1990. It is within this context that the evolution of Germany's foreign policy towards Africa should be assessed.

Hofmeier argues that there is no doubt that Africa played only a minor role in Germany's overall foreign policy orientation until 1998. [2]For an extended period prior to that time, Africa was a topic of severe contention between East and West Germany because of their severe ideological loyalties. Africa was instrumentalised as serving other, overriding, goals rather than an important subject in its own right. The pursuit of allies in Africa during the Cold War was responsible for the official presence of West Germany in practically every African country. East Germany's presence on the other hand, was never more than marginal. Its focus was on three socialist-orientated

[1] Hofmeier, R. 'Five decades of German-African relations: limited interests, low political profile and substantial aid donor' in Engel, U and Kappel, R: *Germany's Africa Policy Revisited: interests, images and incrementalism*. 2002. Transaction Publishers. New Brunswick and London. p.58.
[2] Ibid, p.60

countries: Angola, Ethiopia and Mozambique. Until the end of the Cold War both German states remained faithful to their respective superpower allies, but according to Hofmeier,[3] had created for themselves considerable scope for largely independent activities, and for establishing their own priorities in Africa.

Germany's African policy in the first eight years after reunification entailed a reduction of Africa's importance overall. This was shown by the marginalisation of Africa in Germany's trade, aid and diplomacy. In May 2000, the total number of German aid recipients was reduced from 118 to 70 countries. The number of sub-Saharan states that were eligible for German aid assistance was reduced from 47 to 21[4]. Official Development Assistance (ODA) per Gross National Product (GNP) also decreased during this period, from 0.48% in 1982 to 0.26% in 1999[5].

However, according to Engel, in September 1998 the red-green coalition began to cultivate a revival of the image of Germany as a strong and reliable partner of the African continent. Bilateral net ODA disbursements to African were €925,03 million in 2001 and €1,069 million in 2002. Sub-Saharan's Africa's share of this aid increased from 77.42% (2001) to 89.83% (2002).

German – African political relations

According to the German foreign ministry (2005),[6] Germany currently has 17 missions on the African continent, including embassies in all of its former colonies. These include Windhoek, Namibia; Lomé in Togo; and Dar-es-Salaam in Tanzania.

The contributions of the German government to the G8 Africa Action Plan, adopted in Kananaskis in 2002, were part of its new Africa policy. Germany intended to alter the manner in which it provided development aid to the continent to focus on partnerships for reform. This process is under the overall control of the African partners, their New Partnership for Africa's Development (Nepad) initiative and their programmes and

[3] Ibid.
[4] Engel, U. 2002. 'Africa images and Africa policy- pleading for realism' in *Germany's Africa policy revisited: interests, images and incrementalism.*
[5] Engel, U. 'Germany and Africa: renaissance reloaded.
[6] German Ministry of Foreign Affairs. Website.

proposals for reform. Thus far Germany has made a considerable financial contribution to the implementation of Nepad and the Action Plan. Within the scope of bilateral development co-operation, Germany made roughly €1 billion available to Africa in 2002/2003. Some €110 million of this sum was intended to provide direct support to Nepad and the implementation of the Plan, to support of Africa's own efforts, particularly in the fields of crisis prevention, trade promotion, education and health.[7]

In June 2005 the finance ministers of the G8 agreed to write off 100% of the multilateral debt (totalling US$40 billion) of 18 of the world's poorest countries.[8] Of these 18 Less Developed Countries (LDCs), 14 are African states. The German Finance minister, Hans Eichel, announced that Germany would contribute between €700–€950 million to the deal.[9] He encouraged the oil-producing nations to help shoulder the costs of poor countries, which were particularly badly affected by the rising oil prices.

Chancellor Schröder expressed his support for development co-operation with Africa at the World Economic Forum in Davos in January 2005. He also seconded an innovative proposal by the British finance minister, Gordon Brown, for a joint implementation of the International Finance Facility and international taxation, which will change the face of development aid. In February 2005 the German and French governments also put forward a proposition to tax commercial aviation fuel to raise funds for development in Africa.

The recent elections held in Germany on 18 September 2005 and the victory of Angela Merkel's Christian Democratic Union (CDU) will not have major implications for Germany's Africa policies, although Merkel's foreign policy, as opposed to Schröder's, prioritises Germany's transatlantic relations and focuses more attention on the 10 states that have recently acceded to the EU.

[7] 'Summary of the main elements of the G8 Africa Action Plan'. Auswartiges Amt. http://www.auswaertiges-amt.de
[8] 'G8 scrap debt of poorest nations', 11 June 2005. German Ministry. Business and Economics.www.dw-world.de
[9] G8 scrap debt of poorest nations', 11 June 2005. German Ministry. Business and Economics.www.dw-world.de

Africa–Germany economic links

Germany is one of the most important trading partners of many African countries, although trade continues to play a marginal role in German foreign policy. Africa's relative share was 2.04% of German imports and 1.89% of German exports.

In 2003/2004 trade between Germany and Africa grew to €23 billion, of which €12.3 billion were German exports.[10] Inward flows of foreign direct investment (FDI) from the developing world (not specifically Africa) into Germany amounted to $366,6 million in 2003, while outward flows accounted for $569,6.[11] These figures for the entire developing world are lower than the FDI inward and outward flows of Germany and France.

As a supplier of goods to Germany the relative importance of North Africa (Egypt, Algeria, Morocco and Tunisia) compared to Sub-Saharan Africa shrank from 44% to 40%, while the volume of imports from these countries decreased by €637 million to €4.923 million.

FDI in Africa underwent a sharp decline in 2001/2002. While German FDI in developing countries in general has increased from 3.58% of all FDI to 7.14% in 2001, it fell to 3.87% in 2002. Sub-Saharan Africa attracted only 9.51% of German FDI in the continent in 2001 (€194 million) and 10.63% in 2002 (€134 million). The bulk of this FDI went to Libya (€997 million in 2002), Egypt (€79 million in 2002) and South Africa (€96 million in 2002).[12] These three states accounted for 93% of German FDI in Africa in 2002; within sub-Saharan Africa, South Africa's share that year was 71.64%.

South Africa, Kenya and Nigeria have been identified as important potential markets for German goods and as a possible base for German industry. Although exports to Africa account for only 2% of Germany's total, the volume of commodities exported

[10] 'German foreign policy targets Africa', Andreas Reiss. 7 February 2005. World Socialist Web Site. www.wsws.org.
[11] 'World Investment report 2004: the shift towards services', UNCTAD.www.unctad.org/fdistatistics.
[12] Engel, U. 'Germany and Africa : renaissance reloaded'.

by it to South Africa, the most vigorous economy in Africa south of the Sahara, has doubled during the past decade.[13]

German economic interests in Kenya have increased somewhat, particularly following the visit in January 2004 of the Federal Chancellor accompanied by a high-level business delegation. During his African tour, Chancellor Schröder spoke of developing a 'privileged partnership' with Kenya. Imports from Kenya in 2003 amounted to some €83.1 million, a decline of 7,8% from 2002. In contrast, German exports to Kenya (machinery, chemicals and motor vehicles) have risen by 5.6% to €140.9 million. Kenya's main exports to Germany are horticultural products and coffee. After Britain, Germany is the biggest foreign investor in that country. Subsequent to the signing of a bilateral investment treaty in 1996,[14] FDI from Germany amounting to €150 million was recorded as having flowed into Kenya in 2001.

Domestic issues within Germany are altering its African agenda. It is clearly stated in the objectives outlined for German foreign policy that international goals will be kept in tune with the consolidation measures in the government's programme for 'renewing Germany', and in keeping with the pressing internal priorities in the EU. Germany's most pertinent domestic issues include its 10% unemployment rate (which is expected to rise to 11.2% in 2005). This is the highest in the eurozone, and the worst since reunification. Employment levels in East Germany are particularly low. Germany is thus pushing through some politically painful reforms to shake up its labour markets, cut corporate and personal income taxes, reduce its pension burden, relax working hours, and reform its bankruptcy laws to encourage risk-taking. These economic reforms are intended to boost economic growth, which was only 0.1% in 2003.[15] Other internal problems identified as priorities are improving the standard of living and the country's production and productivity, and ensuring that cumulative budget transfers to the former East have been sufficient.

German development co-operation with Africa

[13] 'Schroeder's visit highlights German interest in Africa'. http://English.peopledaily.com.cn (http://English.people.com.cn/20040125/print20040125_133293.html)
[14] 'World Investment report 2004, op.cit.
[15] 'French Labour Strike: A bad omen for European Reforms?', STRATFOR, 21 January 2005.

Differing substantially from the 'watering can' principle followed in the period between 1962–2000, Germany's new policy of bilateral aid from 2000 onwards was concentrated on a limited number of countries. In 2002, the major recipients of net disbursements to Africa were Mozambique (15.58%), Egypt (6.12%), Cameroon (6.65%), South Africa (4.21%), Tanzania (2.30%) and Uganda (3.36%). In 2002, these six countries together accounted for 38.25% of all German aid to Africa.

According to the Organisation for Economic Co-operation and Development (OECD), during 2002 and 2003 Germany was the fourth-largest international donor of ODA, providing an amount of $42 million. Germany has pledged to meet the target decided on before the 2002 Monterrey International Conference on Financing for Development. The minimum country target set was 0.33% of the GNP by 2006, although the EU-15 is committed to working towards 0.39% by 2006.[16] The percentage Germany spends at present is 0.28%.[17]

Along with Belgium, France, Spain and the UK, Germany has taken steps to improving its financial mechanisms to ensure long-term and predictable financial flows additional to the 0.7% promised under the ODA [18].

However, according to the May 2005 International Co-operation for Development and Solidarity (CIDSE) report, *European Progress towards Millenium Development Goal 8*, Germany allowed its aid to decline in real terms between 2003–2004[19]. It is interesting to note that Germany allots four times the amount it does on development assistance on its military budget[20].

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[16] 'Official Development Assistance increases further – but 2006 targets still a challenge', OECD.
[17] 'Germany and Africa – facts and figures', 22 April 2005. Embassy of the Federal Republic of Germany
[18] Europe: A true Global Partner for Development'. CIDSE Shadow report on European Progress towards Millennium Development Goal 8. Final version. May 2005.
[19] Ibid
[20] Ibid, p.18.

For the German government, poverty reduction is an important element of its overall policy towards Africa, which is guided by the principle of sustainable development.[21] At present Germany invests an annual sum of around €1.5 billion in development co-operation with Africa. Germany has defined priority areas which it is pursuing, in its bilateral relations, its involvement at the European level, and in international institutions. For example, it is contributing €300 million per year to combating HIV/AIDS through the various routes of bilateral assistance, its contributions to the global fund, through the EU and the World Bank[22].

Germany encourages and supports African initiatives to boost economic structures; encourage the active participation of the poor in achieving sustainable agricultural development; encourage EU member states to open up their markets to African countries; aim to provide basic social services and vital resources to the poor; and emphasise realizing human rights, fostering gender equality, and practising good governance.

Germany–Africa security co-operation:

While the Bundeswehr has taken part in more than 130 relief operations in over 50 countries around the globe since 1960, it was not until 1990 that German military personnel became more widely involved. Since then, Bundeswehr missions conducted abroad under the auspices of the UN or NATO have become increasingly frequent. Such operations have ranged from humanitarian undertakings during the Cold War era (such as those in Ethiopia in 1984) to blue-helmet missions in Somalia in 1993 and …….. operations in Mozambique in 2000.

According to Germany's Ministry of Defence,[23] the number of Bundeswehr soldiers deployed on duties abroad has increased to 6 460. (This number includes soldiers on standby in Germany for possible medevac missions.) At present Germany is participating in a number of UN-mandated operations on the African continent. As of

[21] 'Poverty Reduction- a Global Responsibility: Program of Action 2015, The German Government's Contribution towards halving extreme poverty worldwide'. Federal Ministry for Economic Co-operation and Development. No. 107. April 2001.
[22] 'Germany and Africa – Facts and Figures', op.cit.
[23] Germany's ministry of defence. 13 June 2005. www.eng.bmvg.de

April 2005 these include: two military observers participating in the United Nation's Mission in Ethiopia and Eritrea (UNMEE); seven soldiers taking part in the United Nation's Mission in Sierra Leone (UNAMSIL), and 14 civilian police personnel in Liberia.[24] The Germans have also contributed technical support to the UN Mission in the Democratic Republic of the Congo (MONUC)[25] and have deployed 350 soldiers to Operation Enduring Freedom's maritime patrols off the Horn of Africa.[26] However, German participation in multinational peace missions is mainly focused, as it has been now for some time, on the Balkans and Afghanistan. Germany remains one of the nations contributing the largest number of troops to the NATO missions in Bosnia and Herzegovina, and German police force members serving in the United Mission in Kosovo as part of UNMIK.

Germany also makes substantial financial contributions to all peace missions undertaken by the UN, providing up to 9% of the compulsory contributions. In 2003 these amounted to nearly €170 million. A notable result of financial support and the assistance of technical consultants provided by Germany was the establishment of the 'Kofi Annan Peacekeeping Training Centre' in Ghana. This institution aims to improve the ability of African regional organisations to conduct peacekeeping training close to areas where such interventions are required.

Germany– South Africa relations

The strong historical, political and economic links between Germany and South Africa have improved to such a degree in most fields of intergovernmental co-operation since 1994 to such an extent that the relationship that exists today is described by both states as a 'strategic partnership'. Political interaction is conducted primarily through the German embassy in Pretoria.

The South Africa–Germany Binational Commission (BNC), launched in 1997, has provided the two countries with a constructive framework through which to implement bilateral co-operation. The BNC currently consists of six committees,

[24] UN Mission's Summary detailed by country: monthly report for April 2005'. www.un.org/depts/dpko/missions
[25] 'United Nations peace missions'. March 2004. Austwartiges Amt.
[26] Australian department of foreign affairs and trade. 2005. www.dfat.gov.au

dealing with economic, defence, environmental, cultural, development co-operation and science and technology issues. These committees meet and interact on an ongoing basis. The BNC last met in October 2003 in Pretoria, under the joint chairmanship of South Africa's deputy-president, Jacob Zuma, and the federal foreign minister, Joschka Fischer.

Various high-profile visits (other than chancellor Schröder's in 2004, already mentioned) have taken place during the last few years. In 1999, President Mandela paid an official visit to Germany. This was returned by the Federal president, Johannes Rau, in January 2002.

Economic relationship

Germany is not only one of South Africa's leading and most reliable development allies but in the last decade has become an important international trading partners.[27] Germany is South Africa's largest supplier of imports (totalling R38, 451 million in 2003), particularly in capital goods and technology. It also ranks second after the UK as a purchaser of South African exports to Europe, having bought goods worth R18, 071 million in 2003[28].

In Germany's global trade statistics, South Africa ranked 29th in imports (Malaysia), and at 27th in exports (just behind Norway, but ahead of Hong Kong).

In recent years, German companies have proved their confidence in SA by expanding their operations. Examples include production for the export of the C-class right-hand drive Mercedes from East London, the Volkswagen Golf4 and Polo from Uitenhage and the BMW 3-series from Rosslyn near Pretoria. As a result of rising import and export levels, total bilateral trade between the countries has doubled since 1994. Germany also ratified the SA–EU Trade and Development Co-operation Agreement (TDCA) in 2001.

[27] Department of Foreign Affairs – SA. www.dfa.gov.za.
[28] 'South Africa's Foreign Policy 1994–2004: Apartheid Past, Renaissance Future' SAIIA. 2004.

A bilateral investment treaty was signed between the two countries in 1995. Since then Germany has been a major direct investor in the South African economy.. German companies in South Africa include DaimlerChrysler, Volkswagen, Siemens, Bayer and Ferrostaal. The total German investment in South Africa stood at €2.1 billion in 2001, whilst the net transfer of capital to South Africa during 2002 amounted to €68 million. Approximately 450 German companies provide nearly 70 000 jobs in SA, mainly in the automobile, chemicals, machinery, electronics, tourism and insurance sectors. South African firms that have invested in Germany include Minorco, Sappi, SASOL and ABSA.[29]

Since the inauguration of President Mandela, Germany has provided substantial development aid to South Africa. Both states have agreed that South Africa will act as a donor within the SADC region and that they would explore ways of sharing experiences and best practices on the regional level.[30] Between 1994–2002 Germany provided €262 million in financial and technical assistance to development. It is currently supporting 63 South African projects, which focus on community development, vocational education, the promotion of the private sector and advice on governmental and administrative structures. [31] According to the European Commission report published in 2004, the most important areas in which the two countries collaborate include the fostering of governance practices at national and local government levels, skills development and the provision of concessionary loan facilities[32]. In December 2004, Germany and South Africa agreed on the allocation of €90 million to the bilateral co-operation programme, which will focus on 'local governance and development, skills development and good governance' as well as on the cross-cutting issue of HIV/Aids.[33]

The growth of South Africa's tourism sector has been boosted by the good relationship between the two countries. Approximately 250 000 Germans have visited South Africa annually since 1997, the highest number after the UK. South Africa

[29] 'Relations between South Africa and Germany' from Auswartiges Amt. www.auswaertiges-amt.de. Updated 12 November 2004.
[30] Germany and Africa – Facts and Figures', op.cit.
[31] 'Relations between South Africa and Germany', op.cit.
[32] 'From fifteen to twenty-five member states: The European Union in South Africa. Delegation of the European Commission. 2004: 34.
[33] 'Germany and Africa – Facts and Figures', op.cit.

enjoys an approximate 3.5% share of Germany's annual long-haul tourism market[34]. However, the number of German and Belgian visitors to the country fell in 2004 by 12,6% and 4,4% respectively.

A brief look at Germany's economy

In the post-war era Germany enjoyed remarkable economic success, making it the third-largest economy in the world (after the US and Japan) today. Many factors contributed to this 'economic miracle', including external support in the form of aid provided under the Marshall Plan, cautious fiscal and monetary policies, good relations between social partners, and a focus on reconstruction after the devastation created by World War II. An important element of the country's economic policy was the idea of establishing a social market economy. This which demanded the promotion of market forces, with the state retaining the role of improving the lot of the underprivileged and correcting swings in the market imperfections.[35]

However, extensive social protection and a high tax wedge on labour income reduced the incentive to work, and high labour costs not related to wages, rigid employment protection and persistently weak domestic demand depressed the demand for labour. In addition, the system of wage negotiations led to compressed wage scales, which in turn reduced the demand for low-skilled workers. These factors weakened Germany's growth performance during the 1980s, and made it increasingly difficult for the country to deal with its economic problems. As a result, Germany had the weakest GDP growth in the EU between 1994–2003.

In March 2003, in response to Germany's poor economic performance, Chancellor Schröder launched a reform initiative called Agenda 2010, intended to reform the structural inhibitors of economic growth. The most radical measure has been Hartz IV, a restructuring of unemployment benefits and social security grants.[36] The German economy recovered slightly in 2004, with GDP growing by 1.6%, but

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[34] 'South African Department of Foreign Affairs'. Updated 19 January 2004 www.dfa.gov.za/docs/2004/germ0120.htm.

[35] www.economist.com

[36] 'Germany's economy: ready to motor?', *In the Economist,*18 August 2005.

forecasts made in April 2005 express doubt as to the sustainability of this recovery. The reasons given are continued weak domestic demand, and the likelihood of a lower GDP growth of 0.9% in 2005. However, economic commentators welcome the reform package as the first step towards loosening up some of the rigidities in Germany's labour market.

Germany's international trade and political stance

In 2003 and 2004, Germany was the largest exporter in the world, sending goods worth $912 billion out of the country, compared with the US's $719 billion. Imports amounted to $719 billion, resulting in a trade surplus of $193 billion[37]. Manufacturing is the mainstay of the German economy, and accounts for a quarter of its GDP. The export sector is thus dominated by manufactures such as automobiles and machinery. Other major export-producing industries include electrical engineering, chemicals and pharmaceuticals and iron and steel. Imports are dominated by chemical products, cars and trucks, machinery, communications technology and radios. Germany's agricultural sector is of only marginal importance. It accounts for about 1% of the GNP, and employs about 3% of the work force.[38]

Fifty percent of German trade is conducted with other EU countries, especially France, Great Britain, the Netherlands and Italy. Germany's major trading partner in 2004 was France. A sizeable economic interchange also takes place with the US. Germany's foreign trade with the countries of central and eastern Europe is growing rapidly and is approaching 12%.[39] Among the states that have recently acceded to the CEE the Czech Republic and Poland represent Germany's main trading partners. In 2003, bilateral trade between Poland and Germany was approximately €32.2 billion. This relationship has been strengthened by their membership of the Council of the Baltic Sea states, which was established in 1992 with the and aims of offering economic benefits to the countries in the region.

[37] www.economist.com
[38] *The Columbia Electronic Encyclopedia, 2005. Sixth edition.*
[39] German foreign ministry, 2005.

EU payment appropriations for the new member states will be €25.14 billion for the period 2004–2006, a massive chunk of its EU annual budget. Germany's contribution over these three years will be approximately €2.3 billion. In comparison, Germany spends more than €50 billion each year on German unification – much of this on the economic upliftment of East Germany.

France and Germany are also leading countries opposing the EU's directive to liberalise cross-border trade in services[40]. Political leaders find themselves facing a choice between implementing economic reforms or winning a second term.

It is in Germany's best interests to maintain harmonious and productive relations with its neighbours in the EU and with its new members. Germany has shown strong support of EU enlargement, firmly encouraging a more integrated and efficient Union. This was illustrated in the parliamentary vote on the EU constitution on 12 May 2005. With 569 yes votes, 23 no's and two abstentions, the German Bundestag had no difficulty approving the new constitution. This illustrates the supranationalist nature of the German parliament and its wish to protect the Commission, strengthen democratic control by the European Parliament, extend majority voting, and generally expand the EU's powers.

[40] ''From Lisbon to Brussels', *The Economist*. 19 March 2005.p.14.