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Geo-Economic Risks

Germany's Regional Partneships amid Global Alliance Transformation

Germany is reassessing its role in the global security and economy architecture: from universal partnerships to pragmatic regional coalitions.



Executive summary

This paper analyzes several scenarios for the transformation of Germany's economic and political role on the global stage, amid the increasing fragmentation of the global system and the weakening resilience of traditional transnational alliances. Intensifying geopolitical competition, growing supply chain instability, and transition toward resource-driven logic in international affairs are paving the way for a fundamental reassessment of European and global cooperation architecture.

The analysis focuses on Germany's shift from a universal partnership model within globalized institutions toward a more flexible system of regional and thematic coalitions. This process is driven by a combination of factors in foreign and domestic policy, including declining confidence in the United States, as guarantor of European security, erosion of consensus principle within the European Union, geopolitical conflicts, as well as domestic economic slowdown and growing public skepticism toward the existing institutions.

The analysis pays particular attention to the increasing role of resources in shaping foreign policy. Access to energy, food, water, and critical materials is gradually becoming a key element of national security, strengthening the importance of resource-driven partnerships outside Europe and encouraging the establishment of alternative cooperative channels.

Against this backdrop, three baseline scenarios for the evolution of Germany's international relations are examined: deeper integration within a "Greater Europe", selective engagement with China, and extended resource-driven partnerships with the Middle East, North Africa, and Central Asia. Across all the scenarios, the defining factor is Germany's ability to combine its economic power with the infrastructural and logistical viability of its external ties.

The study's key finding is that the emerging model of international relations is increasingly defined less by universal globalization rules and more by the ability to manage critical dependencies.

Context and Background

Intensifying geopolitical and economic challenges – continued military conflicts, logistics rerouting, economic slowdown in many leading European economies and others – are more often raising doubts about the resilience of existing interstate alliances. This primarily relates to the European Union whose policy is frequently fueling debates on the need for an institutional restructuring across a range of policy areas.

In this regard, Germany's position – long considered the "engine of economic development" within the EU – will be crucial for both Europe and the global economy. Nevertheless, the country faces both internal and external challenges that are eroding cross-border alliances, compelling it to consider reorientation to safeguard its economic and resource security in a new political landscape.

Growing skepticism toward transnational alliances stems from a mix of foreign and domestic policy factors.

Foreign Policy Factors

1) Growing distrust of the United States

Trust in the United States as a guarantor of European strategic security is declining. Reduced US engagement and recurrent tensions with European allies – from tariff wars and calls for higher NATO spending to the Greenland episode and other friction points – are laying the groundwork for a reassessment of the existing cooperation mechanism.

- According to the March 2026 Politico survey, only 25% of German respondents said they would trust the United States in a crisis situation, only 13% see the US as a "major force of stability in the world" and 18% believe the US is committed to "defending democratic values" globally.
- A separate February 2026 Politico poll found that only 50% German respondents continued to view the United States as a reliable ally.

2) Geopolitical factors

Geopolitical conflicts – in Ukraine, Iran, Venezuela, and elsewhere – are not only creating tensions between states, even within Europe, but threaten to destabilize resource supply chains, thus affecting industrial capacities.

3) Eroding ideological concept

The observed erosion of the ideological concept of a "United Europe" is weakening the influence of a common position while maintaining the costs of disunity – as evidenced by the cases of Hungary and Slovakia.

4) Transition to resource-driven geo-economics and securitization of foreign policy

Intensifying global competition for critical resources – energy, food, water, and agrochemicals – is increasingly shaping foreign policy not by ideological or institutional considerations but by the need to secure resource sustainability. Conflict escalation in the Middle East and the ensuing logistics disruptions have revealed the vulnerabilities of global supply chains and accelerated the shift toward a "resource sovereignty" paradigm wherein access to critical goods becomes an element of national security.

Domestic Policy Factors

1) Distrust of the government

Trust in government remains critically low. According to the Edelman Trust Barometer, in 2026 only 44% of German citizens overall trust business, government, NGOs, and media, showing only a modest increase from 41% in 2025. However, direct trust in government institutions stands at 42% versus 35% in 2025. Under Edelman's methodology, any score below 50% falls is classified as active distrust.

- In addition, skeptical sentiments about the future are growing – only 8% of Germans believe that future generations will live better, compared to 15% in 2025.

2) Economic slowdown

Since 2022, German economy has slowed down against the backdrop of energy supply challenges – in both gas and electricity. Some sectors are experiencing "deindustrialization", with many companies closing.

3) Rising defense spending

Higher military spending risks causing both stagnation in other sectors and friction with European partners.

Indicator	%	Source
Trust the US during crisis	25%	Politico, March 2026
Treat the US as a "major force of stability"	13%	Politico, March 2026
Believe the US is committed to democratic values	18%	Politico, March 2026
Treat the US as a viable ally	50%	Politico, February. 2026
Trust business, government, NGOs, and media	44%	Edelman Trust, 2026
Believe that future generations will live better	8%	Edelman Trust, 2026
See China as the next global leader (10 years horizon)	51%	Politico, March 2026
Unfavorable opinion of China	67%	Pew Research, July 2025

Table 1. Public opinion in Germany (based on key surveys)

So, what we see is not about abandoning the concept of global partnership but rather pivoting toward stronger regional alliances and interstate agreements.

Scenarios for New Partnerships

When considering a potential shift toward regional partnerships, it is worth noting that scenarios involving alternative alliances – or replacing EU or NATO – still seem premature. This is due to both the continued operational capacities of these institutions and their likely transformations in the near future. Nonetheless, the overall transformation of global policy is calling for a reviewed system of interstate cooperation. This is driven by, first, the US diminishing role in the matters of European security and development (including the potential scenario of a US withdrawal from such guarantees); and second, the expansion of trade and other ties with China, the Middle East, Latin America, and Africa. At the same time, the shift will inevitably bring a surge of parallel agreements and arrangements – to a certain extent duplicating but also enhancing the existing cooperation frameworks.

Several factors appear likely to shape Germany's potential regional partnerships:

- Ensuring security. With rising tensions between the US and NATO allies, Germany may face the demand to ensure European security;
- Resource sustainability. Amid constantly evolving supply chains, their sustainability may be an important engagement factor;
- Creating export markets for Germany's goods and diversifying production.

Under such conditions, the following scenarios appear most likely:

Scenario	Probability	Key formats / areas
"Greater Europe"	^^ High (medium- and long-term)	Weimar+, E3, E5, NB8, EU expansion
Partnership with China	^ Medium	Selective access to markets, "healthy pragmatism"
Resource-driven partnerships beyond Europe	^ Medium (logistics-dependent)	North Africa, the Middle East, the Gulf countries, Kazakhstan

Table 2. Scenario overview

Scenario 1

Formation and deepening of cooperation within the "Greater Europe" concept

Probability: high (medium- to long-term)

Given the continued prospects for EU enlargement to include new members — such as Moldova or the Balkan states — which could bring agricultural, labor, and resource inflows, this scenario remains the baseline and the most likely in the near term.

Format	Members	Key functions
Weimar+	DE, FR, PL, IT, ES, UK	Coordinated defense policy, crisis management, currently declaratory with possible institutionalization
E3	DE, FR, UK	Kensington Treaty (2025): defense, security, economy; nuclear deterrence agreement (2026).
E5	DE, FR, UK, PL, IT	EU's largest defense budget; coordinated procurement; potential operational center for European defense
NB8	North-Baltic eight	Germany's role in the Baltic Sea: joint mechanisms of defense procurement and monitoring

Table 3. Regional partnerships

1) Weimar+ (Germany, UK, France, Poland, Italy, Spain)

The format de facto emerged in February 2025 as a crisis management tool during Russia-US negotiations. It still remains purely declaratory. However, it could be institutionalized and evolve into a coordination framework for similar groupings (E3 and E5).

2) E3 (Germany, UK, France)

In July 2025 Germany and the UK signed the Kensington Treaty – the first strategic cooperation agreement of its kind between the two countries,

covering defense, security, and economy. In March 2026 France and Germany signed a nuclear deterrence cooperation agreement.

3) E5 ("European five": Germany, UK, France, Poland, Italy)

Established in 2024, the group brings together countries with the largest defense budgets. It focuses on close coordination of defense procurement. If further institutionalized, it could evolve into an operational center for European defense.

4) Cooperation with North-Baltic eight countries (NB8)

Through cooperative mechanisms for defense procurement and monitoring, Germany is playing a greater role in the Baltic Sea.

These cooperative formats can potentially move beyond military obligations to cover a broader range of issues. The most likely areas include energy cooperation, resource supply from neighboring regions (North Africa, the Middle East), and enhanced cooperation over critical resources and materials.

Scarcity of resources will push Europe to prioritize securing them through "external' cooperative channels. Moreover, deeper partnership will be constrained by uneven economic development across the EU, divergent geopolitical approaches along the US-China divide, and the possible slow pace of institutionalizing the initiatives.

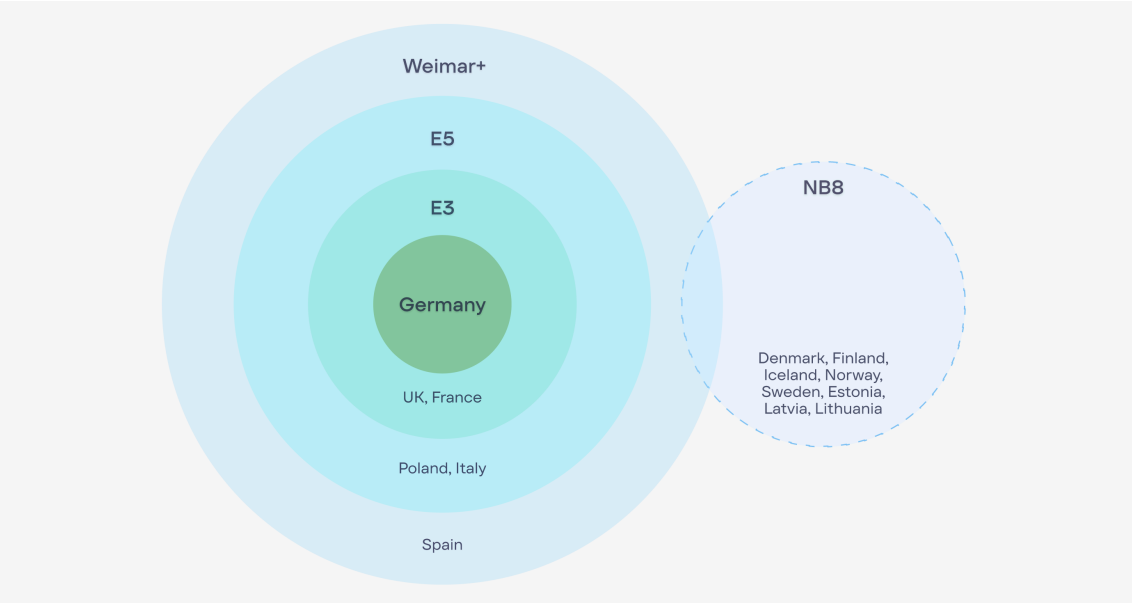


Fig. 1. Regional partnerships within the "Greater Europe" scenario

Scenario 2

Engagement with China as pragmatic cooperation

Probability: medium.

Germany's current engagement with China is largely seen as driving deindustrialization and eroding German manufacturing output, particularly in the automotive and chemical industries. At the same time, Germany ranks among the countries heavily dependent on Chinese supply: 33,4% of its imports from China are concentrated in sectors where alternative supplies are limited, namely machinery, textile, and certain food products.

However, Germany's approach toward China is markedly changing. Whereas German investment used to be a driving force of the Chinese economy, an increasing number of German manufacturers now advocate for protectionist measures against China. As a result, the relationships between Germany and China are balancing between cooperation and competition, with "healthy pragmatism" emerging as the dominant trend.

In this context, the rhetoric of German leaders – and of many other EU member states – regarding partnership with China is best understood as a negotiating tool amid growing tensions with the United States and as an effort to explore alternative options. This being said, this posture does not yet amount to a strategic decision, it rather underscores an ad hoc recognition of economic interdependences in the face of global resource challenges.

- Supporting this interpretation is the March 2026 Politico survey, in which 51% of German respondents saw China as the next global leader within the next decade. Furthermore, 40% prefer dependence on China compared to 24% who favored the Trump Administration.
- At the same time, according to the July 2025 poll, approximately 67% of German respondents hold an unfavorable opinion of China.

Given such a contradictory picture, the most likely scenario is one of selective engagement: limited access to markets and certain sectors, combined with open cooperation in areas of dependence. But external restrictions – including the mounting pressure from the US on cooperation with China (particularly in technologies) – and the likely absence of consensus may complicate the implementation.

Scenario 3

Scenarios of resource-driven partnerships beyond Europe

Probability: medium.

Facing the need to reorient its resource partners and diversify its supplies, Germany may pivot toward risk-diversifying partnerships in critical infrastructural projects and industries – gas and rare metals – including, for example, energy alliances.

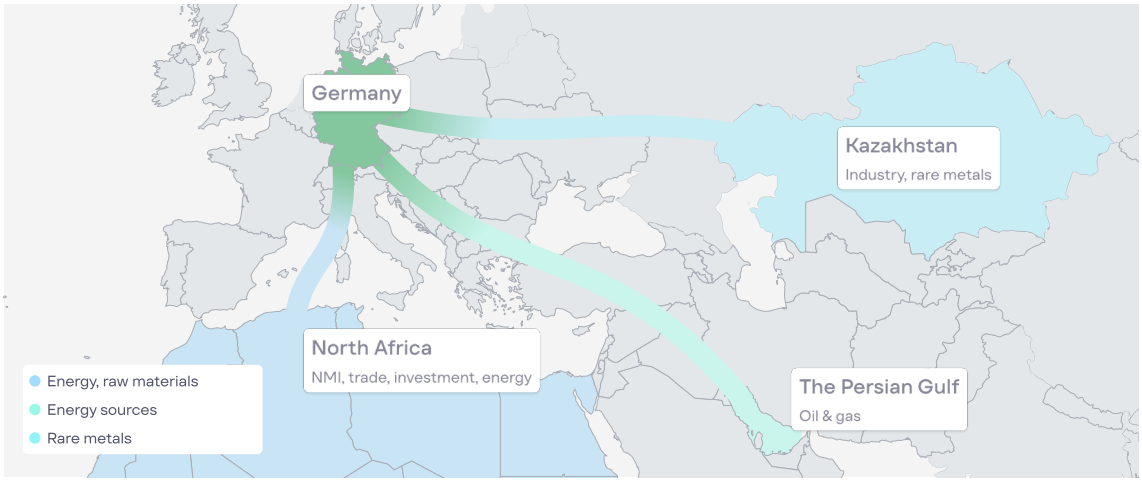


Fig. 2 Germany's resource-driven partnerships beyond Europe

In particular, there is a German business initiative on North Africa and the Middle East (NMI) which provides for the establishment and expansion of economic ties in trade and investment to reduce administrative barriers between countries. Furthermore, the EU Global Gateway initiative is meant to play a vital role, as a cooperative mechanism to tackle global challenges.

Alternative partnerships could emerge in the Gulf region where engagement has already intensified. Nevertheless, such cooperation carries the risks of foreign policy tensions between Iran and Israel.

Finally, another scenario could include deepening industrial cooperation with Kazakhstan. Several projects are already underway.

However, across all the scenarios the main constraint is logistics infrastructure capacity.

Factors for a Successful Partnership

1) Economic factors

Given political and economic instability, the following factors will be important for Germany: access to critical commodities and materials (oil, gas, rare earth metals, etc.), export markets, parity in conditions for cooperation (no restrictions for German manufacturers).

2) Political factors

The broader US-China relationship will be a key factor, alongside institutionalization of cooperative channels. On one hand, "minilateral formats" (or "coalition of the willing") have become common in the recent years, and Germany is well positioned to play a greater role in the evolving landscape. On the other hand, the absence of formal frameworks and binding commitments may stand on the way of turning these plans into reality.

Furthermore, Germany's domestic political context – in particular, the rise of populism – cannot be overlooked. Given the confrontational nature of some policies, they risk facing public disapproval and, consequently, triggering greater isolationism.

3) Logistics factors

Infrastructure will be vital for implementing all projects. For Germany, two transport corridors will be paramount: Rheine-Danube (enabling East-West cooperation) and Baltic-Adriatic (enabling North-South cooperation). Port infrastructure will be equally important – first of all, Hamburg with its declining role. But ports in neighboring countries, primarily Rotterdam, still remain key logistics hubs.

Economic	Political	Logistics
Access to commodities and critical materials	US-China relationship as a framework factor	Transport corridor Rheine-Danube (East-West cooperation)
Export markets for German products	Institutionalization of "minilateral" formats/coalitions	Transport corridor Baltic-Adriatic (North-South cooperation)

Cooperation parity: no restrictions for German manufacturers	Overcoming domestic populism and isolationism	Port infrastructure: Hamburg & neighboring hubs (Rotterdam)

Table 4. Regional partnership formats

Risks of Moving away from Transnational Structures

As noted earlier, a complete break with transnational alliances seems unlikely and unnecessary. However, enhanced regional cooperation carries certain risks and constraints:

- Fragmentation of the EU single market and reduced cooperation with individual member states;
- Inability to offset the diminished role of the United States in the short term;
- Global economic instability;
- Risks of regional conflicts affecting certain potential partners (the Middle East, the Gulf).

Possible Development Paths

Events after 2022 have revealed vulnerabilities of Germany's economic model, along with the overall weakness and fragmentation of Europe's crisis response mechanisms. With this in mind, several priorities stand out for the short term:

- Deepening European integration on industrial policy, as well as finding alternative suppliers of critical raw materials for German manufacturers;
- Diversifying external partnerships, as an important element to secure Germany's leading position in Europe;
- Continuing the "pragmatic engagement" policy with China by controlling investment and reducing dependencies;
- Developing logistics and transport routes, even at higher costs in the short run;

- Implementing flexible integration based on clusters and shared interests – balancing flexibility with institutional capacity to enforce decisions.

Conclusion

The ongoing transformation in the global security and economy architecture is gradually eroding universal models for international engagement while enhancing the role of regional and functional coalitions. For Germany this does not mean abandoning existing institutions but rather rethinking them through the lens of practical effectiveness, resource sustainability, and manageability of external shocks.

Less predictability from transatlantic guarantees, intensifying geopolitical fragmentation, and increased competition for critical resources compel Germany to shift from a "systemic universalism" model toward a more flexible architecture of external relations. Such model relies on a combination of European integration formats, selective engagement with key global players, and targeted resource partnerships outside the EU.

The main constraint, however, is not potential partnerships per se but rather the capacity to provide institutional and infrastructure frameworks for their implementation – from sustainable logistics corridors to coherent political decision-making within the EU.

Thus, Germany's emerging strategy could be described as a shift to a multilayer system of international economic and political relations where resilience comes not from universal alliances but from a set of mutually reinforcing regional and thematic coalitions. Within this configuration country's competitiveness is determined not by the scale of its integration in global structures but by its adaptive capacities to redistribute dependencies, manage resource flow, and maintain strategic autonomy amid the growing fragmentation of the global system.

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