

Tensions between France and Germany intensify over foreign and economic policy

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Tensions between Germany and France, the two largest economies of the European Union, whose common European policy was once called the “engine of Europe,” have intensified strongly over the past several months. These tensions have become much more visible since the taking of power by French President Nicolas Sarkozy.

The situation came to a head two weeks ago, when two long-planned and high-level meetings were cancelled—one between the French president and the German Chancellor Angela Merkel, and another between the respective finance ministers. France’s decision to cancel the meeting between the German Finance Minister Peer Steinbrück and the French Economics Minister Christine Lagarde was considered an affront by the German press. It also led to a flurry of comments in the media throughout western Europe.

Amidst these tensions, the two heads of governments decided to come together and have a highly publicised political discussion at the Cebit 2008 fair in Hanover last week. There they made a show of unity, patting each other on the back. They delivered a “united position” on one of the biggest bones of contention between the two countries: a “Mediterranean Union” promoted and personally prepared by Sarkozy and vigorously opposed by the German government.

At the meeting, Merkel dropped her opposition to the Mediterranean Union, while Sarkozy conceded that all EU members, including Germany, would be allowed to participate in a full capacity, rather than merely being allowed “observer” status. The next day, however, a question mark was put over the Hanover agreement by French Prime Minister Francois Fillon. He stated in a radio interview that France was only willing to give Germany observer status, thus reversing what had been agreed. The German government promptly denied Fillon’s interpretation of the agreement.

France is due to assume the presidency of the European Union on July 1. There is widespread suspicion in the German economic and political establishment that the French government will use its position to promote its own national agenda and bolster its own political and economic position in Europe at the expense of Germany.

The relationship has become so antagonistic, and the recriminations between the officials of the two countries so loud, that media reports now openly declare that the Franco-German “tandem” has ceased to exist.

Because the tone between Berlin and Paris has become especially raw since the coming into office of Sarkozy, the worsening of the political climate between the two countries is generally blamed on differences of “style” between the German chancellor and the French president. But the undoubtedly frosty relationship between Merkel and Sarkozy would play a minor role under different objective circumstances. Rather, the tensions reflect conflicts over economic and foreign policy between the two countries.

The plan for a Mediterranean Union was announced before Sarkozy’s election in May of last year, and since then it has been consistently developed. It is an attempt to create a new power bloc, uniting the states in

Southern Europe, North Africa and the Middle East, with far-reaching economic consequences.

The Mediterranean Union is the response of the French bourgeoisie to the Eastern expansion of the European Union. This expansion, together with German unification, has significantly increased the influence of Germany in Europe at France’s expense. The French president wants to create a counterweight to the East, the traditional sphere of influence of German capitalism, and try to shift power in the EU once again in favour of France.

The French government has been open about the fact that it wants to use the French presidency to press ahead with its plans. It claims that it is basing itself on the “Barcelona Process,” an EU initiative launched in 1995 in Spain’s large Mediterranean city and designed to establish a “greater collaboration” between the EU and its Northern African and Middle Eastern neighbours. Officially, France wants to “revive” the Barcelona Process, which it says has grinded to a halt.

But whereas the Barcelona Process involved collaboration between all of the 27 EU members and the Mediterranean countries, Sarkozy’s project privileges, in the name of the EU, a collaboration between France, Spain, Italy and Greece and the countries of North Africa and the Middle East. In this context, France would play the leading role.

This intention was clearly announced by the agenda of the French president in the months following his election last year. Sarkozy established closer relations with Libya, including an unprecedented official state visit by its leader Muammar Ghaddafi to France. Sarkozy also visited Morocco and Algeria, signing a number of industrial contracts.

This project is central to French foreign policy and is backed by large sections of the French bourgeoisie. To increase French influence in and around the Mediterranean is a vital question for French imperialism and its only way to develop into, or even remain, a regional power. It has also been widely seen as an attempt to tie Turkey to a looser economic and political alliance, rather than granting it full membership in the EU.

Hervé de Charette, minister of foreign affairs in the Chirac-Juppé government (1995-1997) and an influential voice in French diplomatic circles, emphasised the strategic importance of the Mediterranean Union for France in a contribution for *Le Monde*. “To bring closer the two banks of the Mediterranean is an existential question for the influence of France and of Europe in the world,” de Charette claimed.

De Charette complained bitterly about German opposition to the plan: “Within the EU, despite the support of Italy and Spain, this project has met with the strong resistance of the Commission and in particular of Germany, with the tacit support of other member states like Great Britain, only too happy to be able not to expose themselves.”

De Charette insisted, “A re-launching of the Euro-Mediterranean project cannot be realised exclusively within the framework of the Barcelona process” because of “the lack of political will of Europe, whose centre of gravity has moved towards the East since the beginning of the 1990’s

with the great and necessary adventure of the extension. During this time we have turned away from our South: between 2000 and 2006 the EU has allocated roughly 5 billion euros to the South and 50 billions to the East.”

In order to extend its influence over the Mediterranean, which includes 25 countries with large resources of energy, raw materials, cheap labour, potential markets and also explosive political and social conflicts, the Sarkozy government has sought to enlist the support of the United States. This explains to some extent the rapprochement between Paris and Washington initiated by Sarkozy.

The German government has tried to counteract the plan for a Mediterranean Union by subordinating Sarkozy’s project to the control of the EU and insisting it be integrated into EU diplomatic activity. In Hanover, Sarkozy had to make a deal with Merkel, because otherwise the German government could jeopardise the initiative during the French presidency.

Originally, Sarkozy planned to officially launch the new Union at a summit on July 13 involving the EU member states bordering on the Mediterranean, five North African countries, as well as Syria, Lebanon, Israel and Turkey. On July 14, the French national holiday, it was to be presented to the other EU member states. Part of the Hanover agreement with Merkel was an inversion of the two dates.

Conflicts between France and Germany have also developed over European defence policy, the role of the European Central Bank, economic policy as well as a number of other issues.

The differences on European defence policy became apparent at the end of last year, when the question of setting up the EU Force (EUFOR) mission in Eastern Chad and the Central African Republic arose. Amongst EU members, France has pushed for the EUFOR mission, which is carried out under the auspices of the EU with a mandate of the UN Security Council.

Now, France contributes 2,100 of the 3,700 EU peacekeeping forces to be deployed to the central African region, while Germany has refused to send any soldiers at all. German commentators raised doubts over the true purpose of the mission, pointing to French interests in the area. They suggested that the EU mission to Chad favoured France’s desire to protect Idriss Deby, its Chadian protégé. Concerns have been raised within the EU about a possible confusion of roles between EUFOR and the 1,450 French forces already stationed in Chad.

On economic policy, France has insisted that it cannot meet the criteria of the European stability pact (limiting the budget deficit to 3 percent of GDP) and has requested a postponement of a reduction of its state deficit. Germany is opposed to this. On July 9 of last year, this led to a heated exchange between German Finance Minister Peer Steinbrück and Sarkozy at the meeting of the Eurogroupe. Steinbrück admonished the French president for not meeting the Maastricht criteria.

Whereas French exports have been strongly penalised by the strong euro and France has developed a huge trade deficit, Germany has managed to cope better and has for several years in a row achieved the position of Europe’s number-one exporting nation. The trade surplus of Germany was 198 billion euros in 2007, whereas France had a trade deficit close to 40 billion euros, a marked increase since 2006. Most German exports go to the EU, and German companies have acquired a competitive edge, particularly in comparison with France and Italy.

The French government has thus insisted, like many other European countries, that the European Central Bank (ECB) reduce interest rates and devalue the European currency. The German government is strongly opposed to such a measure and insists on preserving the “independence” of the ECB—i.e., on preventing other member states from changing existing monetary policy. Paris has several times criticised the president of the ECB, Jean-Claude Trichet, for maintaining a policy of high interest rates.

Instead of following a free-market course, the French government has in

recent months repeatedly acted with a traditional reflex: state intervention into the economy. It has tried to create big industrial conglomerates on a national basis (recently with the merger of Suez and Gaz de France) rather than on a global or European basis. As a result, German conglomerates find it difficult to get a foothold in France. Such measures also prevent European companies from reaching a mass public enabling them to compete with their counterparts worldwide, in particular with the US. It also discourages investors from coming to France, as they fear that the state will prevent them from gaining influence in the country.

As the French political weekly *Nouvel Observateur* remarked, “The ‘state sponsored protectionism’ [of France] clashes with globalisation and the postulate of the European Union to open to the external world. What can one say about its interventionism and its obsession to create at all costs national champions, whereas the relationship of forces should have put the French Alstom and Sanofi into the orbit of Siemens and Aventis?”

In his former post as finance minister, Sarkozy had intervened to rescue the Alstom trust from financial bankruptcy and takeover, a move that was strongly condemned by the German government at the time. The government of Angela Merkel has reacted to the French industrial policy by looking for a closer collaboration with Britain.

A strong economic rivalry following the opening of the European energy market has developed between the big energy providers in Europe and, in particular, those in both countries. The German energy trust RWE has clashed recently with its French counterpart GDF over the projected gas pipeline Nabucco, due to transport gas from the Caspian Sea to Europe. The Turkish government has recently opted for RWE to be included in the project, rather than GDF. GDF has threatened to join a rival pipeline project to be realised by the Russian company Gasprom.

Other bones of contention include the European Common Agricultural Policy, climate protection and the selling of nuclear plants by the French government to instable governments.

The tensions between the two traditional pillars of European unity are beginning to dominate Europe as a whole. The Franco-German conflict has been followed with great interest by the British press. The British bourgeoisie obviously senses an opportunity to drive a wedge between Germany and France and split the German-French alliance—a long-time aim of British foreign policy.



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