



By: *Tomorrow's Affairs Staff*

# Is Franco-German engine sputtering?



Europe is quite suspicious about official statements from Paris and Berlin that a three-hour talk over a lunch between Emmanuel Macron and Olaf Scholz at the Elysee Palace this week will reduce the differences between the two biggest powers in the EU over the Union's future.

They were not convinced by the fact that, according to sources from Macron's circle, the two leaders spoke in English, which should testify to the desire of both to reduce the risk of further misunderstandings by communicating in a "neutral" language. Inflation, gas supply, relations with America, Russia and China, arms budgets, are still open issues among key EU capitals, and the Franco-German summit was just an attempt to reduce differences on the EU's main axis. Are they reduced after lunch at the Elysee Palace? Officials claim they are.

"We had a very good and important conversation today on issues including energy supply and joint armament projects. Germany and France are standing closely together and tackling the challenges together" Chancellor Scholz wrote on Twitter.

His host, President Macron, told reporters the day after the meeting that France and Germany do not always have the same views, which is normal, and "we are at a key moment when many things are being revisited in our Europe on energy, defence and the economy. All this requires hard work. But as I have always said to you, I think that European unity is key in this period and that is what we are working on."

However, the observers, following these statements, make suspicious facial expressions. Under the title "The awkward lunch: Macron snubs Scholz in Paris", Politico writes that relations are now so icy between Emmanuel Macron and Olaf Scholz, that they do not even dare to be seen together in front of the press. A big negative impression was left by the fact that Macron and Scholz did not appear in front of the journalists after the conversation in the Elysee Palace, and it really seems that the German team was humiliated in

that way. Bearing in mind that a joint press conference in Paris was announced in advance from Berlin, and that Scholz arrived in Paris with a plane full of journalists. "Franco-German engine appears to have jammed up, potentially delaying decision-making just as the EU grapples with acute challenges from the Russia's war in Ukraine and soaring energy prices" noted Bloomberg after the Paris talks, citing a whole list of important topics that were on the table in Paris, but without the tangible impression that any of them are on the way to being resolved.

## Energy

Both countries agree with proposals from the European Commission for joint purchases of gas and for the creation of a new benchmark that would take LNG imports into account and should therefore result in lowered prices. But Germany is against the proposed roll-out of an EU-wide price cap on gas or the extension of the so-called Iberian model "which caps the price of gas used for electricity generation" to the rest of the bloc. It argues that the measures, which Paris supports, could respectively lead to supply issues or an increase in consumption.

The Elysee is also not pleased that Germany failed to consult them before unveiling a 200 billion aid package to make sure its citizens and businesses can survive this period of high energy prices on the grounds it could distort competition within the Single Market. The Chancellery, meanwhile, is smarting from the French decision to block the construction of a pipeline through its territory that would have seen Germany receive gas and then hydrogen from Spain. Paris argued that the project went against European transition goals and instead agreed last week with Madrid and Lisbon to build an underwater pipeline between Barcelona and Marseille that would primarily transport hydrogen.

## Defence

On defence, a traditionally strong French issue, there are also divergences. Russia's war in Ukraine has precipitated a security rethink in Berlin with a 100 billion plan to shore up its capabilities. It has also shepherded the creation of a European Sky Shield Initiative to plug caps in the bloc's air defence system. The problem for Paris, which is championing EU sovereignty, is that both initiatives would see Berlin investing heavily in US-manufactured weapons systems, rather than European equivalent. Paris and Berlin cancelled a joint meeting of government ministers that had been scheduled for Wednesday, to replace it with the Scholz visit and the lunch at the Elysee Palace. The decision came after Berlin **agreed to build** a missile defence shield dubbed the "European Sky Shield Initiative" with other members of the NATO military alliance, that could include German, US and Israeli-made equipment.

The project is a blow for France, which has been developing a ground-to-air defence system with Italy known as Mamba. An Elysee official declined to comment on the missile defence shield. Jean-Louis Thiériot, vice president of the defence committee in the French National Assembly, said Germany was increasingly focusing on defence in Eastern Europe at the expense of joint German-French projects. For example, Berlin inked a deal with 13 NATO members, many of them on the Northern and Eastern European flank, to jointly acquire an air and missile defence shield "much to the annoyance of France." The situation is unprecedented, Thiériot said. "Tensions are now getting worse and quickly. In the last couple of months, Germany decided to end work on the [Franco-German] Tiger helicopter, dropped joint navy patrols and the signature of the air defence shield is a deathblow [to the defence relationship]," he said.

Germany's massive investment through a 100 billion military upgrade fund, as well as Scholz's commitment to the NATO goal of putting 2 percent of GDP toward defence spending, will likely raise the annual defence budget to above 80 billion and means Berlin will be on course to outgun France's 44 billion

defence budget.

## How to reduce differences?

"I have seen worse conditions before. There have always been difficulties between Germany and France. But if France and Germany go in different directions, it will be bad for Europe. I hope that after this lunch the strategic cooperation will be stronger", said Bernard de Montferrand, Former French Ambassador to Germany for France 24.

Will the leaders of Germany and France, by the next meeting, which is expected in January, on the occasion of the 60th anniversary of the historic agreement between Charles de Gaulle and Konrad Adenauer, manage to "iron out" at least part of unresolved problems, which the rest of the EU eagerly expects?

Many believe it is necessary to first restore trust between the two main EU capitals and their two leaders. Yannick Bury, a lawmaker from Germany's centre-right opposition who focuses on Franco-German relations, said for Politico that Scholz must start rebuilding ties with Macron.

"It's important that France receives a clear signal that Germany has a great interest in a close and trusting exchange," Bury said. "Trust has been broken." There is talk of a return or, even, the establishment of trust between the two leaders, on the German side, as an initial step towards solving the problem between Berlin and Paris. "Presumably, there has so far been a lack of contact and exchange between the respective new government teams of Scholz and Macron," said for Politico Sandra Weeser from Germany's liberal Free Democratic Party, who sits on the board of the Franco-German Parliamentary Assembly. "So, we are certainly also at the beginning of new interpersonal political relations, for which trust must first be built."