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Dinner with Donald?

Ever so gently, Merkel ought to sprinkle a few useful facts into her discussions with the Trump administration...

German chancellor Angela Merkel's first-time visit to Washington to meet US president Donald Trump will probably be a cautious look-and-see expedition; Merkel will have to ascertain whether there's any common ground at all with the American president. Two such starkly different personalities probably won't hit it off, but Merkel is highly unlikely to get in his face, either. (In the early stages of Germany's national election, the bad cop on transatlantic relations is being played by the SPD's chancellor candidate Martin Schulz. Merkel has been firm but standoffish in telephone discussions with Trump.)

Yet, the chancellor will probably bring with her a suitcase full of relevant facts that she could unpack, should the atmosphere prove conducive. There are more than enough policy fields where the starting points of the two administrations are miles apart and any rapprochement would constitute progress. Merkel has to find out for herself how impervious Trump really is to reason. Can she locate a chink in his armour? Only by poking at it will Merkel discover how great the gap across the Atlantic is, and how Germany will deal with Trump in the future.

The economic case for climate protection

One of the first places she's likely to probe is renewable energy – not climate change as such. It's no secret that Trump dismisses the latter, underscored by his appointment of a climate change sceptic to lead the Environmental Protection Agency (EPA), and moves to loosen vehicle exhaust standards and expedite drilling in protected territories. So presenting Trump with more of the same scientific evidence of global warming would make little sense.

Yet, Germany's *response* to climate change is its cutting-edge *Energiewende,* or renewable energy transition, which has turned a third of Germany's electricity supply into zero-carbon green energy and lowered

the price of energy for its industries. What Merkel might mention to Trump over dinner is that the *Energiewende* has created nearly a million jobs in Germany: 330,000 in renewable energy, 535,000 in the energy efficiency sector, and many more in fields from higher education to consulting services. Merkel should "frame it in terms of infrastructure development, pointing to Germany's new, decentralised transmission grids that stretch across the whole country," says Sascha Müller-Kraenner, director of the German environmental association, Deutsche Umwelthilfe, noting that Trump has pledged to add thousands of jobs to the US economy through infrastructure construction.

Moreover, were the president to show any interest in the topic of renewables, the chancellor could tell him how much money (in terms of value added) the domestic production of renewable energy in Germany has kept inside Germany, rather than having spent on expensive imported oil and other fossil fuels: €19 billion [link in German].

Germany's role in the US economy

Trade is bound to come up, too. Trump obviously isn't pleased about Germany's $65 billion surplus in trade with the US. But, notes Henning Hof of the German journal *Internationale Politik*, Merkel might make the point that the trade relationship isn't a one-way street. "Far from contributing to the US's ostensible 'carnage,'" says Hof, referring to one of Trump's observations, "Germany, with its huge and continued investment in the US plays a positive role for the US economy."

The two countries' trade is driven by "massive mutual investment," according to none other than the US State Department. In 2015, German direct investment in the US was about €235 billion (largely in manufacturing and wholesale, but also finance and insurance) – nearly €140 billion more than US investment in Germany. In total, US affiliates of German firms employ over 670,000 American workers. "The greatest US exporter of automobiles is BMW," says Hof.

And then there's Trump's accusation that Germany is "trade cheating," namely using the undervalued euro to exploit its trading partners. Katharina Gnath of Bertelsmann Foundation would like to see Merkel underline that the European Central Bank, an independent body, determines the euro's value, and thus exchange rate policy, not Germany. "While there are options for Germany to adjust its real exchange rate within the Eurozone and vis-à-vis the rest of the world, for example via unit labour cost/real prices, there is little in terms of straightforward monetary or trade policy that Germany can do to impact the euro's value." And, Merkel should be very clear, says Gnath, that there's not

going to be a trade deal with Germany outside the parameters of the EU.

Tackling the sources of instability

Of course, Americans and Europeans have long viewed security and defence through different prisms; at times Washington's hawks and the German establishment have appeared to be dwelling in parallel cosmoses – and the tensions at these times at all-time highs. It's not helpful that Trump is to the right of the old Republican hawks. But Merkel, though, might find the right moment to drop a few hints about the kind of pressing security threats that, in addition to aggressive neighbours, Europe faces, such as mass migration from the Middle East and North Africa, climate change, nuclear proliferation, cyber-attacks, and religious extremism. These can't be fought with bigger weapons systems. The Europeans understand development aid and the EU's programmes in its borderlands, such as the European Neighbourhood Policy, as security policies which address the sources of instability and inequality.

The EU and its 28 member states spent €68 billion on official development aid in 2015, up 15% from €59 billion in 2014. Humanitarian aid, which is not counted as overseas development aid, rose by 11% in real terms in 2015 to USD 13.6 billion. This is three times what the US pays (€31 billion) for the same kind of aid – and Trump is in the process of cutting that.

It would be a hard sell for sure, but the chancellor might push her luck on the issue in noting that cutting development aid leaves the field wide open to China. "The Chinese will be more than happy," says Müller-Kraenner, "to pick up the bill and underpin economic and political relations with developing countries which the West has spent decades building up."

In the end, some of these facts may bounce off of Trump's armour. But, as we have seen more than once, there are people behind the president, in his cabinet and in the second and third echelons of power, who do listen to good arguments and aren't afraid to contradict the president either. Merkel shouldn't overplay her hand – and Merkel being Merkel she most probably won't – but dropping a few of these factoids on Trump and his team might, if not immediately, sow the seeds for viable cooperation sometime in the near future.



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