Chapter 10
Germany and the CEE Countries: Ties that Bind

András Hettyey

After the eight case studies, it is now time to summarise the findings of the papers. Our closing chapter is structured the following way: first, we overview the eight country chapters one-by-one and highlight key findings and conclusions of our authors. In the second part, we return to the basic research questions guiding this study volume. To recapitulate from the introductory chapter, these were the following: do we really see a drifting apart in the relations between Germany and the CEE countries in recent years or is this just a fleeting impression? Did the leverage of Berlin indeed decrease in the CEE countries? If so, should this be seen as something normal/inevitable, or is it heralding a new era of more confident CEE countries, diverging interests and occasional tensions between Germany and the region? Are CEE countries even on a look-out for new partners, substituting Germany? If so, are all these changes more agency- or more structure-based?

To start with the outlier country, several conclusions can be drawn from the chapter on Austria from Christopher Walsch. Austria and Germany, whom Walsch characterises as 'silent partners', share a common language and culture and enjoy stable relations ever since 1945, despite (or because of?) the fact that "after World War II the efforts of the second Austrian republic concentrated on building a distinct Austrian nation, separate from the German one". The beginning of the end of the Cold War and the dramatic events of 1989–1990 challenged Austria's traditional foreign policy characterised by its tradition of neutralism. The question was whether the country should aim to become part and parcel of the West (i.e. seek accession to the EU) or revive a "Danubian mission", in other words to orient herself towards Central Europe. This latter notion was, however, soon abandoned "with the rational argument that in the eyes of her Eastern neighbours the attraction power of Austria was the fact that she is a part of the West and not a country halfway between West and East". As a nice side effect for Austria, Walsch reminds us, the bilateral economic dependency from Germany was reduced by joining the European Union as an equal partner in 1995.

As to the question of whether structural or agency-related variables are key to understand the relationship of Austria with Germany, Walsch concludes that changing government compositions did not affect the relationship of the two countries. Since 1990, several government changes have happened in both countries, with centre-right and centre-left parties leading the governments, with the odd Green or Liberal foreign minister. (This despite the fact that the governments of Austria and Germany usually happened to be of opposing ideological orientations throughout the last three and a half decades.) The one major exception has been the period after the Austrian elections in 1999, when the social

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democrat German Chancellor Schröder was one among many politicians calling for initiating sanctions against the recently formed ÖVP–FPÖ coalition. One may therefore cautiously conclude that, due to many shared cultural traits and to the similar "party chemistry" in many Austrian as well as southern German federal states, relations have perhaps been more cordial when Christian Democrats were in power on the German side.

This relatively problem-free history should not conceal the fact that, on the bilateral political level, there have been several topics of concern, including traffic, energy production, education, secret service information, and human rights and refugee policies, reminding us that significant disagreements among Austria and Germany do emerge from time to time – but these issues do not seem to have caused a permanent rift between Berlin and Vienna, perhaps because of manifold common economic interests. On the economic front, Austrian overall exports and imports to Germany "roughly tripled since the country acceded the European Union, but the relative share of Germany in Austria's trade and services with her big neighbor has declined by some five percent since Austria entered the EU in 1995". Still, Germany is Austria's prime partner with figures of more than 30% of Austria's overall exports and imports, with an overall balanced current account. Setting Austria apart from the other CEE countries, Germany does not rank as prominently in FDI as in trade, but is still among the top five countries in both inward and outward investment.

In his conclusions, Christopher Walsch unequivocally answers the question whether Germany and Austria are diverging with a clear no. The reason for this lies in the following shared understandings: "They are both stable democracies with knowledge driven, innovative economies. Their societies have similar standards of living and form politics along similar structures and processes. Both have massive inflows of labour from East-Central European EU states, both are exporters of capital in the other direction. Both support the steady integration of Central, East, and South-East Europe into European structures […]. Both tolerate some diverging trends in that same region, but eventually stick to the 'rightfulness' of Western standards in European affairs. Both understand the EU not only as a greater market, but also as a club that shares the same values. Both will not compromise on nationalist attacks on the rule of law, open society, media pluralism, and limitations to the political and economic freedoms in the EU."

Relations between Slovenia and Germany have a particularly strong emotional foundation, as Germany was the first major country to recognise Slovenia (and Croatia) at the end of 1991, signalling to everyone that Yugoslavia was history. This influenced the recognition of Slovenia by the European Community, soon followed by the recognition of the United States, Russia and China and the acceptance into the United Nations in May 1992. German goodwill extended to the country's EU and NATO accession in 2004, both of which was strongly supported by Berlin. Somewhat of a front-runner, Slovenia was the first post-communist country to adopt the Euro in 2007 and to preside the Council of the EU in 2008. In 2006, the Slovenian Foreign Minister declared that relations with Germany were so excellent that they could hardly be better.

Things changed during and after the global economic crisis which induced serious problems for Slovenia. As Marko Lovec reminds us, disagreements over the need of structural reforms Slovenia, in the eyes of Berlin, had to enact, came to the fore, along with the war reparation issue and, in 2015, the migration crisis. On the other hand, once the Court of Arbitration finally reached its decision on the Piran bay issue in 2017,

"Germany – together with some northern European countries and against many others who decided to stay 'neutral' – stated openly that the decision should be implemented, thus once again earning gratitude from the Slovenian side". A similar alignment of interests can be seen regarding the idea of a multi-speed Europe, which was received negatively in Slovenia. As for the other CEE countries, a multi-speed European Union is clearly not in the interest of Slovenia.

In economic terms, Germany has been the most important trade and investment partner of Slovenia after 1990. The small country even became an important supplier for the German industry, e.g. in the automotive sector. Showing Slovenia's attractiveness, there are over 600 companies with German capital in the country, directly employing 46,000 people and creating revenues of €7 billion. In the security field, Slovenia worked side by side with Germany in Afghanistan, while repeatedly trying to tie Berlin to the development and Europeanisation of the Western Balkans, a region which has been particularly important for Slovenia for its proximity and past linkages. Overall Lovec asserts that anti-German political forces which have surfaced time and again have been too weak to really change the course of the bilateral relations. "Moreover, an increasing awareness of the growing global instability and dependence of Slovenia on the EU has, in many ways, brought Ljubljana even closer to Berlin." Slovenia, which was sometimes on the look-out for new strategic partners (the Visegrád countries, Russia, even China) has come to realise that only Germany is the main "warrant for the survival of the European integrations and peace and security in Europe."

Just as in the case of Slovenia, Germany played a very significant role in Croatia's successful bid for independence. In his contribution, Sandro Knezović highlights that "due to the German firm support to the Croatian statehood almost from the beginning of the conflict, the image of Germany in Croatia was extremely positive, sometimes even irrationally […]. An important role in that regard was played by the Croatian diaspora who had an important role not only in lobbying for German recognition of Croatian sovereignty, but also in portraying a desirable image of a functional society and a future potential model for the development of the Croatian state". Yet Croatia was not to share the fate of Slovenia which entered both NATO and the EU already in 2004. The main reason for that was that it was not until after the 2000 Croatian elections that the country has started implementing a real transitional reform process. This opened new perspectives for integration into the Euro-Atlantic community, a process that has been frozen for a long time owing to the lack of political will of the Tudjman regime and its negative image abroad. Croatia finally joined NATO in 2009 and the European Union in 2013.

This belated entrance (compared to the other CEE countries) to the EU meant for Croatia that it was not until 2013 that it was released from the conditionality framework of the EU. Accordingly, Knezović writes that "after the strength of conditionality at Germany's disposal has weakened with Croatia's accession to the EU, some bilateral issues started popping up, changing slightly the image of harmonic relations between Germany and Croatia". Specifically regional issues such as the development of Bosnia and Herzegovina, the Three Seas Initiative or the migration crisis showed that Zagreb and Berlin can and do have diverging interests. Yet such minor disagreements are clearly overshadowed by the over-arching common interest of Croatia and Germany in the further enlargement of the European Union. Croatia, "as the newest EU member state bordering the region, has a particular interest and responsibility to support the accession process by sharing recent

experience and knowledge, hence contributing to the long-term stabilisation of that part of Europe". Bolstered by strong economic ties, the two countries still enjoy very good relations, leading Knezović to conclude that "minor *ad hoc* differences are unlikely to avert the existing trends in the relations between the two".

Recent history played a big role in Serb–German relations as well, albeit in a more ambiguous sense. The break-up of Yugoslavia "most certainly represented the first low point in recent relations between Germany and Serbia" write Jelena Volić-Hellbusch and Marko Savković in their chapter. "The German Government was the first one to insist on the recognition of Croatia and Slovenia in late 1991, as the war was raging on. Here the role played by German Foreign Minister at the time, Hans Dietrich Genscher, is often considered to be of paramount importance. 'Loved by the Croats, hated by the Serbs', Genscher insisted on the right of self-determination for both Croats and the Slovenes", making this a difficult start for modern-day Serb–German relations, compounded by the events some eight years later. Then, Berlin decided to join the NATO bombing campaign in order to pressure Serbia and President Slobodan Milosevic as its president to cease hostilities in Kosovo. "This was the second low point" write the authors.

Yet better relations were slowly enabled by several events. Milosevic's ousting from power in October 2000 meant a break with the practices of the 1990s within the society, as well as in international relations. The slow democratisation process and a certain re-found German interest in Serbia brought the two countries increasingly together. According to Volić-Hellbusch and Savković, Berlin was not shy in trying to influence events in the country: "Berlin's tacit support to the political changes of 2012 – when the Democratic Party lost power to the Serbian Progressive Party – gradually gave this country access and clout that is perhaps unrivalled in Serbian history. Once it became clear that the Boris Tadic-led Democratic Party will not "deliver" on Kosovo, the political machine under the control of CDU started its approach to the Progressives. Following the Progressive Party's consolidation of power in March 2014, the two countries established a special partnership." Remarkably, Serbian President Vucic has met Chancellor Merkel no less than 12 times (!) over the course of his six-year tenure. What is more, in 2014, Germany launched the "Berlin process", meeting with the leaders of the Western Balkan countries on a yearly basis.

Obviously, the most important reason of Serbia's and Germany's recent realignment has been the enlargement process of the European Union, of which Serbia is part of. In a sense, Serb–German relations are currently going through a stage which was typical of the relationship between Germany and the other CEE states in the late 1990s when those countries, with Germany's manifest help, worked their way to membership in the European Union. On the other hand, the issue of Kosovo still haunts the relationship. To put it simply, Berlin's official point of view is that Kosovo's independence is an undeniable – and irreversible – fact. Still, Serbia has persisted on what its consecutive leaders insist is the defence of its territorial integrity and sovereignty. "Here is one aspect of Serbia's foreign policy where the two countries frequently collide" conclude the authors. The outcome, as of late 2018, is still uncertain, making this a major 'known unknown' in the future of Serb–German relations. This why Volić-Hellbusch and Savković caution that "relations between Germany and Serbia are facing their toughest test yet".

In his piece on Polish–German relations, Rafał Ulatowski utilises the insights of realism to shed a light on the topic. Based on Kenneth Waltz's definition, the author describes the

Polish strategy in the years after 1990 as 'bandwagoning', which means allying oneself with a stronger power. The goal of a weak state is to profit from this alliance in security and economic terms: while economically strong countries compete for the leading position in the technological race, those without a developed scientific and technical base will bond with a stronger partner. Although problems arose due to their difficult common past, Warsaw and Bonn were close allies in the 1990s in seeking the Euro-Atlantic integration of the former. As Ulatowski reminds us, there was a popular phrase going around at that time which said that "the road from Warsaw to Brussels passes through Berlin".

Once Poland's NATO and EU integration has been achieved, bandwagoning gave way to a more hard-nosed, rollercoaster-like relationship. Firstly, there was Germany's opposition towards intervention in Iraq led by the United States, which Poland very much supported. Secondly came the issue of the Nord Stream 2 pipeline. "Germany saw it as a commercial project which was important both in terms of European energy security and developing a closer relationship between Germany, the EU and Russia. On the other hand, Poland regarded the project as a deepening of the EU's energy dependence on Russia, which handed it a powerful means to influence European affairs." Other dividing issues were the German "Centre Against Expulsions" and conflicting views on the reform of the European Union.

At the end of the first decade of the 21st century, Polish and German politicians once more put more effort into reducing tensions. The international situation had changed "and the global financial crisis shifted the German interest toward the Eurozone. Polish and German interests were once again similar". During his speech in Berlin in 2011, Polish Foreign Minister Radek Sikorski even famously argued that he feared "German power less than German inactivity". In recent years, Ulatowski points out, relations have deteriorated once again as Angela Merkel "has overhauled German migration policy and opened the borders to migrants. This step did not enjoy the sympathy of the Polish Government in Warsaw, neither before nor after the election in 2015. Despite that, the PO–PSL Government accepted the quotas in the last months of its tenure". But the incoming new PiS-led government was not willing to support this policy and it refused the mandatory EU quotas for refugees that were promoted by Germany, leading to major tensions. "The two countries also have differing views on major European policies (energy, climate protection, immigration and the rule of law). However, they share similar perspectives on the Euro crisis as well as on relations with Russia in the context of the Ukrainian crisis."

On the economic front, Germany played a major role in the cancellation of Poland's debt in the early 1990s. What is more, since the early 1990s, Germany has been a leading source of foreign investment for Poland. It is the largest source in terms of the number of foreign companies investing in Poland and in second place in terms of the value of investment. Helped by geographical proximity, traditional trade links and absorptivity of the German market, Germany is also the biggest trade partner of Poland. Yet strong economic links did not lead to a community of interests between Germany and Poland. In the past two decades, Ulatowski concludes, Poland has not blindly followed German policy. It has sometimes opposed Germany and on numerous occasion it participated in coalitions trying to balance German power. Bandwagoning in Polish–German relations is now a part of history.

As with other post-communist countries in the region, the transformation in 1989–1990 meant for Czechoslovakia and Germany that for the first time in modern history the two

countries were given a unique opportunity to put their mutual relations on a qualitatively new and stable basis. As Jana Urbanovska and Zdenek Kriz remind us, Czechoslovakia's policy towards Germany in the early 1990s was marked by activism. This was apparent from President Václav Havel's first presidential visit leading to Germany or his full and unqualified support for German reunification. These accommodating steps – "blank cheques" granted by the Czechoslovak policy to Germany (KUNŠTÁT 1998) – soon strengthened the understanding of Czechoslovakia as a partner who did not think in national but rather in European terms. This notion was further underlined by the 1992 treaty on good neighbourly relations and friendly cooperation, which, although not able to resolve all outstanding issues, proved to be a solid foundation for the development of further relations, helped to develop practical, depoliticised and decentralised cooperation across various sectors, nationally, regionally and locally (HANDL 2004, 73–74).

One such problematic issue had to do with the past. Due to the incompatibility between the Czech and German views, the historic questions stemming from the Second World War "continued to represent the thorniest issue in mutual affairs. During this period, the matter went so far that the Czech–German relationship was essentially reduced to the issue of the Sudeten Germans, strengthening feelings of mistrust and alienation among both partners. It seemed that the Sudeten German question and its dissatisfactory resolution could even negatively impact the process of the Czech integration into NATO and the EU. Czech popular opinion increasingly feared Germany, and opinions were voiced that the country was following a strategic plan, continuing upon the expansionist policy of the Greater German Reich". Yet with the signing of the Czech–German Declaration in 1997, the main purpose of which was to re-evaluate the perspectives for the understanding of Czech–German relations in connection with questions of the past, the Sudeten German question thankfully ceased to be an issue of foremost importance as the German side unequivocally acknowledged its responsibility for its role in the historical development that led to the 1938 Munich Agreement. The Czech side, likewise, expressed regret over the post-war expulsion and forced displacement of Sudeten Germans from Czechoslovakia.

Building on this foundation and bolstered by close economic ties, Germany was integral in securing the Czech Republic's accession to NATO in 1999 and the European Union in 2004. This process was not disturbed by the fact that Prague, like other capitals in the region, supported the Iraqi War. As regards the period after 2004, Urbanovska and Kriz identify the multilateralisation of bilateral relations: "Germany as a separate topic practically disappeared from the Czech political agenda, appearing rather in the broader context of multilateral security and integration policy. This was also reflected in the policy statements of governments that successively held power since the Czech accession to the EU: they either did not address bilateral relations including those with Germany, or mentioned Germany only in connection with practically-oriented, non-political cooperation."

Overall, the assumption of a drifting apart in Czech–German relations is borne out, at least to a certain degree. The authors contend that after the Czech Republic's accession and "under a constellation that favoured a more balanced, partnership relations, the existing clear orientation of the Czech foreign policy towards Europe and hence also towards Germany weakened somewhat. On the one hand, the continuing depoliticising of the links between the two countries was apparent; and the practical aspects of cooperation had run smoothly since the early 1990s, irrespective of what government held power at any given time.

On the other hand, political relations were much more unstable and subject to frequent change, depending on the political climate on both sides of the border". Most notably, Urbanovska and Kriz identify a drifting apart in the field of European policy. "Since the Czech Republic's accession to the EU, its relationship with the EU as such and especially its position on EU institutional issues and Eurozone developments has become a cleavage splitting the Czech political spectrum, affecting also Czech–German affairs. The Czech Republic looked like a 'European state without Europeans', which clearly had a limiting influence on its relations with Germany. An insufficient sense of EU solidarity was most conspicuous during the migration crisis, when the Czech side loudly opposed the crisis management model promoted by Germany". It was to counter this development that the Czech Government proposed the Czech–German strategic dialogue in 2015, with, as of yet, uncertain results.

The Czech Republic's southern neighbour, Slovakia, has also witnessed ups and downs in its relationship with Germany. In this case, it was the 1990s which proved to be a more problematic period whereas recent years have not produced such frictions as can be seen in Germany's relationship with the other three Visegrád countries. After its independence, Slovakia entered a period under Prime Minister Vladimir Meciar (1993–1998) which was characterised by the conduct of irresponsible and populist politics, corruption, clientelism, growing international isolationism, unsystematic interventions, expansionary fiscal policy and disregard for the rules of liberal democracy. As Vladimir Müller argues, these developments cast a shadow on Slovak–German relations as well, with Chancellor Helmut Kohl being reluctant to meet his Slovak colleague. After 1998, the Dzurinda Government managed to push through the necessary economic and political reforms and Slovakia was thus able to close the gap with its Visegrád partners, who were already NATO members by 1999. Slovakia finally joined both NATO and the EU in the same year, 2004.

In economic terms, Slovakia is a small outlier: German firms are only the 7th biggest investors in Slovakia – German FDI has a much larger share in the other CEE countries. On the other hand, the value of the Slovak–German trade is increasing every year since the economic crisis: by now Germany is the most important trading partner for Slovakia with the share of cca. 20% in Slovak foreign trade. Small wonder then, that Slovakia and Germany have quite similar economic interests in the framework of the European Union, Müller argues: "Slovakia has a major interest in maintaining crucial elements of EU integration like the Single Market, the Schengen area and the European Monetary Union. As a country whose economy is based mainly on export, Slovakia fully endorses the efforts of the European Commission to sign new trade agreements with third countries. Besides, the top political representatives of Slovakia also repeatedly expressed the interest to be part of the planned future "core" of the European Union." In short, Slovakia and Germany share the same interests within these policy areas and cooperate closely to move the European integration in selected areas forward.

Turning to disagreements between the two countries, one such was the bailout of Greece in 2010, when Slovakia refused to provide €800 million as the part of the loan from Eurozone countries to Greece. The Slovak Parliament rejected the loan to Greece despite the diplomatic pressure from Germany and the European Commission and became the only Eurozone country which did not participate in the first money package to Greece. The migration crisis of 2015 and its handling also laid bare differing perceptions.

More recently, Prime Minister Robert Fico harshly criticised the sanctions against Russia, saying that he would never again support further sanctions against it. Yet it is also true that, in practice, the Slovak Government has avoided taking any steps that would undermine the EU's unity. Overall, Müller concludes, these conflicting issues caused "some discords between both partners but have not endangered the quality of their relations. Slovakia sees Germany as the natural leader and does not seek another one within the EU".

Turning to Hungary, András Hettyey divides the 25-year period into two distinct phases. In the first, up until the accession to the European Union in 2004, the strategic interests of the two countries aligned as Germany supported the Euro-Atlantic integration of Hungary, the main foreign policy goal of the respective governments in Budapest. German–Hungarian relations could build upon a strong foundation of mutual trust and appreciation: the decision of the last one-party government in September 1989 to let the East German refugees travel to the West has been a crucial catalyst of the collapse of the Berlin Wall two months later. As a further comparative advantage and as opposed to Poland or Czechoslovakia, there were no historical 'sore points' in the German–Hungarian relations nor unresolved minority or reparations payment issues, so relations developed harmoniously.

In the second phase, i.e. after the moment when Hungary's EU accession was settled, several problematic issues arose where the two countries had different perceptions and therefore pursued different goals. The first tensions developed over the hardly fought Hungarian elections of 2002 when the German press and the government expressed its worries over the harsh tone of the campaign. The war in Iraq brought another major serious disagreement between Budapest and Berlin. Yet, apart from these issues, the relationship was for the most part stable, if less cordial than in the heydays of the early 1990s. This was clearly helped by the fact that economic relations were excellent and seemingly ever-expanding. Ever since the early 1990s Germany has been the biggest trade partner for Hungary by far and, with a share of 25% in the total stock of investments in Hungary, German firms are the biggest investors as well.

The turning point on the road to creeping estrangement has been the 2010 elections in Hungary, suggesting that agency has a bigger explanatory power in the realm of Hungarian–German relations than structural factors. In the following years, serious rifts emerged over rule of law-issues, migration policy, the sanctions against Russia, the EU's relationship with Turkey and the Central European University, to name but a few. (Interestingly, economic relations did not suffer, as a recent decision of the BMW to invest in a new plant near Debrecen shows). Hettyey argues, that the main reason for the estrangement between Budapest and Berlin can be found in the differing foreign policy role concepts the two countries and their decision-makers adhere to. In short, the perceptions, values systems and world views of the respective decision-makers seem to be diverging despite the fact that both heads of government hail from a centre-right party. This difference in role concepts projects further disagreements in the future between Berlin and Budapest – as long as a change in government or a change in the relevant role concepts occurs.

Conclusions

So far the main findings of the country chapters. We now turn to the task of answering our research questions. First, do the chapters support the notion articulated in the introductory chapter that "rather than converging in their foreign policy goals, Germany and the CEE countries seem to be drifting apart"? On the whole, the answer is no. We find only two countries, Poland and Hungary where two conditions for a drifting apart apply: first, we witness major disagreements in multiple important policy areas and second, these disagreements are observable over a longer period of time. The case of the Czech Republic falls somewhere in-between: on a practical level, relations are good yet on several major policy issues (European policy, for example) the two countries diverge. The conditions for divergence do not seem to apply to the other country dyads. Sure, there are disagreements between Austria and Germany, Croatia and Germany or Serbia and Germany. But these either to a limited number of issue areas or were sooner or later overcome.

What are the policy issue areas where most friction is detectable? Maybe the most overarching of these has been the German handling of the migration question in 2015. Part of the supposed solution is the mandatory refugee relocation quota, which is refused by Poland, the Czech Republic, Hungary and (albeit more moderately) Slovakia. Croatia, Slovenia and Austria were similarly not happy with the way Berlin was trying to handle the crisis, yet ultimately they fell in line with Germany's overall position – also with regard to the mandatory refugee relocation quota. Another issue which is responsible for disagreements is the Nord Stream 2 project, which is criticised especially by Poland. Related to that, energy policy is also a source of friction in many dyads, as Germany is pursuing a policy based very much on renewables. CEE countries, on the whole, are less enthusiastic about renewables and accordingly spend less capital on it, political and otherwise. The sanctions against Russia present an interesting case in point, reminding us of the importance of the crucial distinction between 'rhetoric' and 'implementation' in foreign policy. On the one hand, many CEE capitals are critical of the sanctions and the concomitant tensions with Russia, an important trading partner and even more important source of energy imports. On the other hand, the European Union, the CEE countries including, has repeatedly and unanimously extended the sanctions against Russia over its actions in Ukraine for another six months. (The last time in July 2018.) Also, Germany and the CEE countries were consistently on a different page with regards to the Multiannual Financial Framework (MFF) of the European Union. In addition, some specific, individual country-related problems are present in some of the dyads, such as the Kosovo topic in the Serb–German relations or the reparation claims by the Polish Government. Despite this last point, we found it noticeable that disagreements induced by the common history of the 20th century seem to be receding. This is evident, for example, in the Czech–German relations. Also, rule of law-questions arise in the Polish–German and Hungarian–German relations, but not in the others.

However, all these disagreements seem to be insufficient to seriously question the notion that Germany and the CEE countries have a solid foundation based on common interests, strong economic links and shared perceptions and understandings. Common interests pertain to strengthening the European Union and not allowing it to morph into a 'multispeed Europe' – a finality very much despised by the CEE countries who keep fighting against the emergence of just such an 'elite club' of European states (Eberle et al. 2017).

Cooperation in NATO and, less visibly, strong and effective bilateral defence cooperation measures are also points of common political interest, as exemplified in the chapter on the Czech Republic. Cooperation in the Common Foreign and Security Policy and the Common Security and Defence Policy of the European Union are also cases in point, as is the cooperation between the EU member states in organisations such as the United Nations, the Organization for Security and Co-operation and the World Trade Organization. Crucially, Germany and the CEE countries saw eye to eye in the Euro crisis as well, continuously supporting Chancellor Merkel's *Sparkurs* (KORNELIUS 2013, 228).

It is always difficult to conceptualise the impact of close economic ties on political relationships. As we saw, Germany is almost everywhere the biggest trade partner and the biggest investor in the region. In countries where it is not (Slovenia and Slovakia, for example) it is still one of the biggest players. One would assume that solid economic relations have an overall positive impact on the political relations, as well. They should provide a backbone, or, if you wish, the keel of a boat, which stabilises the political relationship even in windy or rocky times. We assume that these economic linkages do just that in the web of relationships between Germany and the CEE countries. A good example of this has been provided just recently, when in August 2018, the German automotive giant announced his decision to invest 1 billion Euros to build a new plant in Debrecen, Hungary. Notably, this is going to be BMW's first new factory in Europe since 2005. How should we square this development with the thesis that Germany and Hungary are drifting apart? Our tentative answer is to envision the two areas – political and economic relations – as two distinct realms, but with significant influence over the other. In this case, Hungarian–German *political* relations can be in a state of drifting apart, yet *economic* relations can, quite autonomously, continue to flourish. It is to be hoped that economics help prevent political relations falling into the water.

As to the agency-structure question, we find that the drifting apart in Polish–German and Hungarian–German relations is better explained in terms of agency than by structure. In essence, the crucial variable in this development seems to be the Polish and Hungarian governments of the day. For example, Polish–German relations were less conflictual until 2015, i.e. until the PO-led government was in power. Similarly, in Hungary conflicting issues multiplied after 2010. In turn, the role of the German government changes seems to be less important, yet ascertaining this assumption is made harder by the fact that the Angela Merkel has been chancellor for the past 13 years and her party has been leading the coalitions ever since. All this means that there are not many structural issues that divide the CEE countries and Germany and/or those that divide them have low salience. The gap in the economic development is the root cause for just such a structural difference, which is the issue of the Multiannual Financial Framework, where the CEE states constantly wanted to maximise the size of the budget. All the other conflicting issues, perhaps with the exception of the differing energy policy, are not rooted in some deep-lying, unchangeable, structural differences. This is good news for everybody interested in good relations between Germany and the Central and Eastern European Region – a region, by the way, whose importance is set to grow. It is worth pointing out, that once all the countries of the Western Balkans will have joined the European Union – granted, a rather distant prospect – the post-communist CEE countries, stretching from the Baltics to the Black Sea, will have a numerical majority in the EU: there will be more 'Eastern European' member states in the EU than 'Western European'. A German

foreign policy, which puts a premium on stable political and economic relations with the region will have a head start over other competitors – both inside and outside the European Union.

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