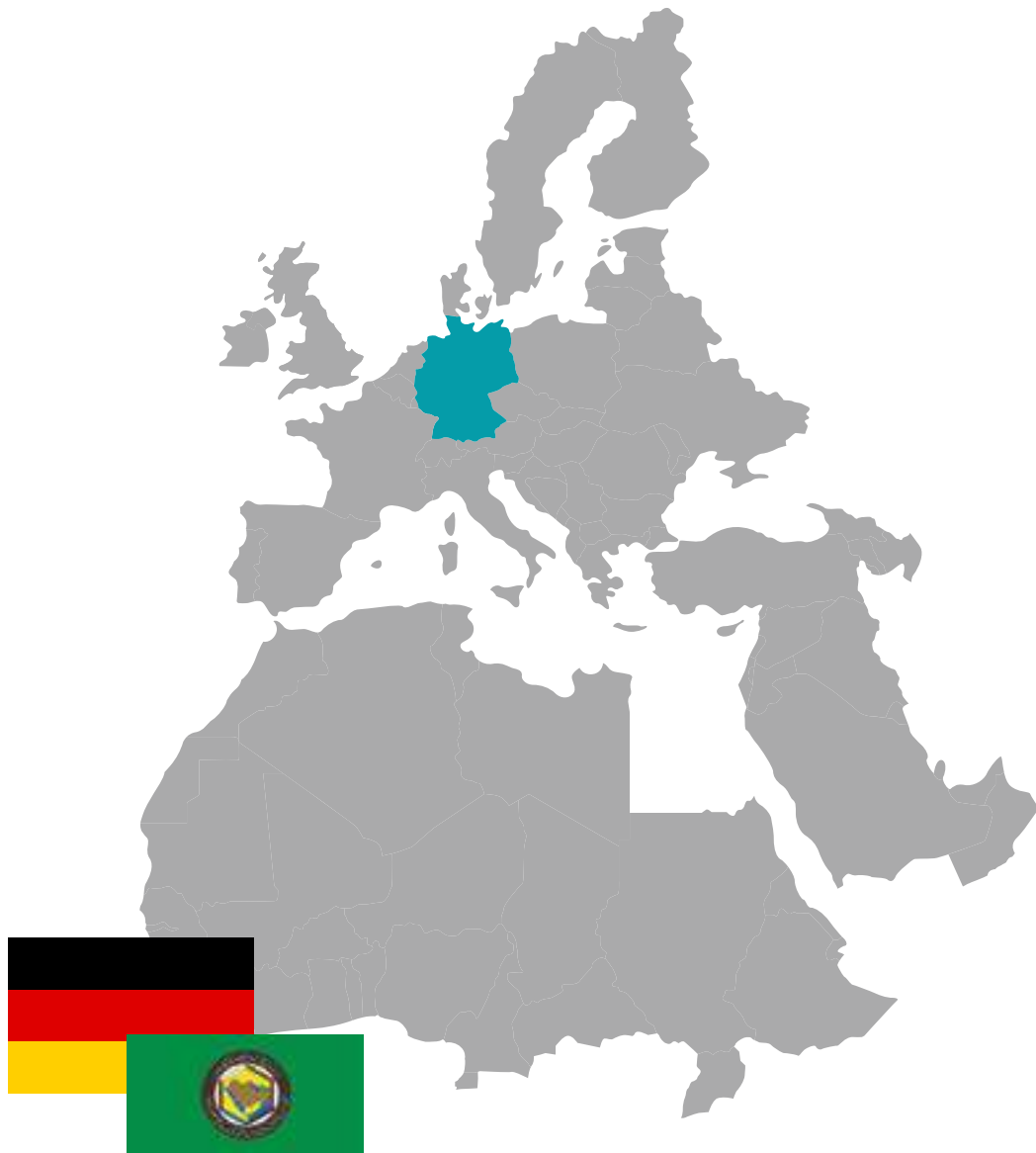




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# German - GCC Relations



## 1. Key Domestic Developments

In recent years, Germany has experienced a number of significant domestic developments that have had far-reaching effects on its political, social, and economic landscape. One of the most pressing issues is the ongoing demographic shift, marked by an increasingly aging population and declining birth rates. This has sparked intense debate on immigration policies and raised concerns about the country's ability to address workforce challenges in the coming years. Moreover, Germany has been grappling with the surge of right-wing populism and the resurgence of nationalist sentiments. The emergence of parties like the Alternative for Germany (AfD) has underscored a growing trend that poses significant challenges to the country's long-standing commitment to liberal democracy and multiculturalism.

In addition to these political and social challenges, Germany is contending with a crisis in its healthcare sector. In December 2023, numerous medical offices closed due to doctors' strikes, protesting against their increasingly unfavorable working conditions. This has underscored deep-seated issues within the healthcare system that need urgent attention. Furthermore, the agricultural sector has been in turmoil, with thousands of German farmers organizing ongoing nationwide protests since December 2023. These protests have been sparked by rising costs and a plan to phase out agricultural fuel subsidies, highlighting the challenges faced by this vital sector of the German economy.

Germany's current three-party coalition has made agreements on substantive policy decisions difficult, with the Greens and Liberals (FDP) often on opposite sides of the spectrum. This is evident in the debate on current economic policy. Latest opinion polls suggest the coalition would not be reelected with the Christian Democrats (CDU) well ahead. In September 2024, key regional elections will be held in 3 eastern federal states (Sachsen, Thüringen, and Brandenburg) where the AfD is currently polling strongly. The results could

thus be a first indicator for the next federal election scheduled for Fall 2025.

### Key German Economic and Social Data

- GDP: 4.082 trillion USD (2022)
- GDP per capita: 48,717.99 USD (2022)
- Annual Growth Rate: 1.8% (2022)
  
- Inflation: 2.9% (January 2024)
- Population: 83.8 million (2022)
- Unemployment Rate: 5.9 % (March 2024)
- Credit Rating: Standard & Poor's credit rating for Germany stands at AAA with a stable outlook. Moody's credit rating for Germany was last set at Aaa with a stable outlook. Fitch's credit rating for Germany was last reported at AAA with a stable outlook. DBRS' credit rating for Germany was last reported at AAA with a stable outlook.

Germany is the third largest economy in the world after the United States and China, making it the largest economy in Europe. However, Germany's economy is facing various issues. It was the only G7 economy to shrink last year and is set to be the group's slowest-growing economy again this year, according to the latest projections. After a recession in 2023, the outlook for 2024 is also gloomy. Germany's gross domestic product fell by 0.3% in 2023. Moreover, the German economy is only expected to grow by 0.2% in 2024, according to the German government's annual economic report forecast. Lower energy prices have pushed inflation in Germany to its lowest level in more than two and a half years, but this development has been insufficient to suggest a strengthening of the German economy in the near term.

## 2. German Foreign Policy

Germany's foreign policy approach is characterized by a commitment to multilateralism, diplomacy, and international cooperation. As a key player in European and global affairs, Germany has pursued a policy of constructive engagement aimed at

promoting peace, stability, and prosperity. One pillar of Germany's foreign policy is its strong commitment to the European Union, viewing European integration as essential for maintaining peace and advancing common interests. Germany has played a leading role in efforts to deepen EU integration, particularly in areas such as economic governance, security, and migration. Additionally, Germany has prioritized close partnerships with key allies, particularly within NATO and the transatlantic community, while also seeking to strengthen ties with emerging powers and global actors.

Stability and security are central to Germany's foreign policy, according to its first national security strategy published in 2023. The strategy recognizes the changing global landscape caused by the Russian war in Ukraine, the rise of multipolarity, and a growing systemic rivalry in international relations, for example, between the United States and China. More specifically, Germany finds itself in the depths of a new security environment in Europe as a result of the Russian invasion of Ukraine in February 2022. This was evident in Chancellor Scholz's *Zeitenwende* speech delivered to the Bundestag on February 27, 2022, where he referred to the Russian invasion of Ukraine as a "historic turning point," suggesting a new era in foreign policy. The German Chancellor announced that in response to the change, the German government would set up an extraordinary fund of €100 billion to be invested in the modernization of the German armed forces, as well as increase military spending by over 2% of GDP (a NATO membership requirement that the SPD traditionally opposed). The change is seen as crucial to restore Germany's defense sector also given the fact that the shrinking of the armed forces since the end of the Cold War, the cancellation of conscription, and the inability of the armed forces to attract new personnel have resulted in a depleted military. Given its centrality to Germany's defense doctrine, the future of transatlantic ties is another point of debate inside German policy circles. As a result, Germany looks at the outcome of the upcoming

US presidential elections and the possibility of a second term by President Trump with particular concern.

One direct consequence of the Russia-Ukraine war has been increased tensions within the EU, such as between Germany and France after President Macron's recent policy statements on possible troop deployment to Ukraine, which led to push back from other European leaders, such as Germany's Chancellor Olaf Scholz, who ruled out the idea of European or NATO ground forces inside Ukraine. The recent friction between the two leaders comes from Scholz's continuous refusal to consider providing long-range Taurus cruise missiles to Ukraine. The rift between Germany and France is seen as a key impediment to better coordinated EU responses on various issues.

### Key Foreign Policy Initiatives

- In February 2024, Germany released its Strategy for International Digital Foreign Policy of the Federal Government. The strategy focuses on three pillars of global governance:



- human rights, economy, and security.
- In July 2023, Germany released its new Strategy on China document, recognizing that the relationship between the country and China, as well as the EU and China, has evolved in terms of economic and security policies.
- In June 2023, the German government released the country's first-ever National Security Strategy (NSS). The NSS emphasizes the importance of Germany's partnerships within the EU and NATO. It identifies the US and France as fundamental relations to Germany while criticizing Russia and China.

### 3. Germany-GCC Fact Sheet

#### Establishment of Diplomatic Relationships

Germany-GCC Diplomatic Relations: Saudi Arabia (1954), Kuwait (1966), Bahrain (1972), United Arab Emirates (1972), Oman (1972), and Qatar (1973)

#### Key Research Centers and Think Tanks

- German Council on Foreign Relations (DGAP)
- Stiftung Wissenschaft und Politik (SWP)
- Konrad-Adenauer-Foundation
- Friedrich-Ebert-Stiftung (FES)
- Munich Security Conference
- German Institute for Global and Area Studies (GIGA)
- Bertelsmann Foundation
- Berghof Foundation
- Körber Foundation
- European Council on Foreign Relations
- Mercator Institute for China Studies
- Center for Applied Research in Partnership with the Orient (CARPO)
- Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

#### Selected Key Regional Experts

- Sebastian Sons
- Guido Steinberg
- Daniel Gerlach

- Christian-Peter Hanelt
- Oliver Wills
- Udo Steinbach

### 4. Key Developments in Germany-GCC Relations

Germany enjoys healthy and vibrant relations with the GCC states. In recent years, as Germany recognizes the strategic importance of the Gulf region, there has been increased attention to developing cooperation in various sectors, including a focus on energy partnerships. Diplomatic visits and the signing of bilateral agreements reflect Germany's commitment to engaging with the Gulf countries on political, economic, and cultural levels. Part of the reason for the so-called "discovering the Gulf" has been the sudden cutting of energy ties with Russia and the need for replacement. This is evidenced by German Chancellor Olaf Scholz's two-day tour of Gulf states in September 2022, including Saudi Arabia, UAE, and Qatar, to restore and correct relations with the Gulf states. This is especially crucial after Saudi Arabia has summoned its ambassador in Germany for consultations over comments by German Foreign Minister Sigmar Gabriel in November 2017.

Moreover, Germany's participation in multilateral forums such as the GCC-EU ministerial meetings has provided a platform for discussing and promoting regional security, trade, and stability. Germany's position in the current crisis in Gaza has not been seen by the GCC states as sufficiently balanced in prioritizing an end to the conflict. The Gulf understands that Germany has a unique relationship with Israel due to its history and its consideration of the security of Israel as its "Staatsräson" (Reason of State). At the same time, the region continues to stress the importance of supporting political solutions to end the crisis in line with relevant international resolutions. Germany's support for the EU statement of February 19, 2024, requiring "an immediate humanitarian pause that would lead to a sustainable ceasefire, to the unconditional release of hostages, and to

the provision of humanitarian assistance and the call on the Israeli government not to take military action in Rafah that would worsen an already catastrophic humanitarian situation" have in the meantime been received positively. For the Arab countries, this provides a somewhat encouraging message and indicates a shift in Berlin's stance since October 7th, 2023. Yet, the region believes that more should be done from Germany's side to end the crisis in Gaza.

When it comes to the GCC states, Germany's priority has been economics. With the energy dimension taking on a greater role, solid economic and commercial cooperation will remain the

GCC and Germany from 2015 to 2022.

German companies already are deeply involved in GCC developments. One example of this is Saudi Arabia's NEOM Green Hydrogen Company awarding Thyssenkrupp Uhde Chlorine Engineers a contract to build one of the world's largest green hydrogen projects at NEOM. Thyssenkrupp will engineer, procure and fabricate a more than 2-gigawatt electrolysis plant based on their large-scale 20-megawatt alkaline water electrolysis module, Saudi Gulf Projects reported.

التبادل التجاري بين دول مجلس التعاون وألمانيا  
Trade between GCC and Germany

الميزان التجاري Balance of Trade	حجم التبادل التجاري Trade Exchange		الواردات Imports				الصادرات Exports				السنة Year
	الترتيب Rank	القيمة Value	النسبة المئوية للتغير Change %	الترتيب Rank	النسبة من الإجمالي Share in %	القيمة Value	النسبة المئوية للتغير Change %	الترتيب Rank	النسبة من الإجمالي Share in %	القيمة Value	
(30.9)	7	34.4		4	6.6%	32.7		38	0.3%	1.8	2015
(28.5)	6	32.3	-6.8%	4	6.7%	30.4	8.0%	31	0.4%	1.9	2016
(23.4)	7	28.0	-15.6%	4	5.7%	25.7	20.8%	35	0.4%	2.3	2017
(20.9)	8	27.7	-5.4%	5	5.5%	24.3	46.2%	31	0.5%	3.4	2018
(19.6)	9	26.2	-5.6%	5	5.0%	22.9	-1.5%	32	0.5%	3.3	2019
(16.9)	8	20.9	-17.4%	5	4.8%	18.9	-39.8%	33	0.5%	2.0	2020
(16.5)	10	23.8	6.7%	5	4.2%	20.2	82.6%	32	0.5%	3.7	2021
(18.0)	16	26.2	4.5%	5	3.6%	21.1	40.0%	32	0.5%	5.1	2022

\*Trade Exchange = Export + Import  
Rank: Rank in Trade with GCC Countries.

Source: GCC STAT

foundation for an enduring partnership. Solid economic ties, however, do demand greater coordination and agreement on how to foster Middle Eastern stability, as such security is the basis for continued economic growth and wealth for both sides. In the age of geoeconomics, the relationship between security and economics is more prominent than ever. In that context, the GCC states have prioritized de-escalatory regional foreign policy as part of their national visions and economic diversification strategies and can only pursue this with a stabilized region. Table 1 by GCC STAT below shows the trade between the

#### Germany-Saudi Arabia

- On February 15, 2024, Saudi Arabia's Foreign Minister, Prince Faisal bin Farhan, arrived in Germany to head the Kingdom's delegation at the Munich Security Conference. The Foreign Minister discussed international issues and ways to promote international peace and security.
- On February 5, 2024, H.E. Mr. Hissein Brahim Taha, Secretary-General of the Organization of Islamic Cooperation (OIC), received at the headquarters of the General Secretariat in Jeddah, H.E. Ambassador Michael Kindsgrab,

Ambassador of the Federal Republic of Germany to the Kingdom of Saudi Arabia, who was accompanied by H.E. Dr. Eltje Aderhold, Consul General and Special Envoy of Germany to the OIC. The two sides discussed ways to strengthen dialogue and cooperation between the OIC and Germany and the crisis in Gaza.

- In January 2024, Germany reversed its policies on arms exports and approved the export of 150 IRIS-T guided missiles to Saudi Arabia. The foreign minister also no longer wants to block the sale of European fighter jets to Saudi Arabia. “The Saudi Arabian air force also employed Eurofighters to shoot down Houthi missiles that were bound for Israel,” said government spokesman Steffen Hebestreit. “And it is in the light of all these developments that the German government’s position on the Eurofighter must be seen.”
- In January 2024, Saudi Arabia’s Foreign Minister HH Prince Faisal bin Farhan met with German Vice Chancellor and Minister for Economic Affairs and Climate Action Robert Habeck at the ministry’s office in Riyadh. During the meeting, they reviewed bilateral relations and ways to enhance them in economic and climate protection fields, in addition to discussing the latest developments in regional and international arenas.
- In May 2023, Foreign Minister Annalena Baerbock traveled to Saudi Arabia where she discussed bilateral issues as well as questions of regional crisis diplomacy with her counterpart HH Prince Faisal bin Farhan.
- In September 2022, Chancellor Olaf Scholz visited Saudi Arabia accompanied by a high-ranking German business delegation to discuss energy agreements following the sudden cutting of ties with Russia following its invasion of Ukraine. The German Chancellor met with Crown Prince and Prime Minister HRH Prince Mohammed bin Salman. In addition, under the leadership of Dr. Franziska Brantner, State Secretary of the German

Federal Ministry for Economic Affairs and Climate Action, German companies from the energy, automotive, aviation, and finance sectors met with Saudi colleagues and researchers.

#### Germany-United Arab Emirates

- In March 2024, the UAE agreed to sell liquefied natural gas to Germany for 15 years starting in 2028. Abu Dhabi National Oil Company (ADNOC) signed a preliminary accord to send 1 million tons of LNG annually to the German state-owned energy group Securing Energy for Europe (SEFE).
- On March 8, 2024, the UAE, alongside the European Commission, Cyprus, the US, and the UK, released a Joint Statement Endorsing the Activation of a Maritime Corridor to Deliver Humanitarian Assistance to Gaza. “The humanitarian situation in Gaza is dire, with innocent Palestinian families and children desperate for basic necessities. That is why today, the European Commission, Germany, Greece, Italy, the Netherlands, the Republic of Cyprus, the United Arab Emirates, the United Kingdom, and the United States announce our intent to open a maritime corridor to deliver much-needed additional amounts of



humanitarian assistance by sea” explained the joint statement.

- On March 1, 2024, the UAE and Germany held the sixth round of political consultations at the headquarters of the Ministry of Foreign Affairs in Abu Dhabi. The UAE’s delegation

was led by Reem bint Ebrahim Al Hashimy, Minister of State for International Cooperation, with the participation of Mariam Al Muhairi, Chairman of the International Affairs Office at the Presidential Court, with the German side led by Dr. Thomas Bagger, Secretary of State of the Federal Foreign Office. The two sides affirmed their commitment to strengthening bilateral ties and advancing shared priorities.

- On February 20, 2024, H.H. Sheikh Abdullah bin Zayed Al Nahyan, Minister of Foreign Affairs, visited Germany and met with Jens Plötner, Foreign and Security Policy Advisor to the German Federal Chancellor, and a delegation from the Foreign Affairs Committee in the German Federal Parliament (Bundestag), headed by Michael Roth, Chairman of the Committee. The two meetings discussed bilateral cooperation on various issues, such as a ceasefire in Gaza.
- In September 2022, Chancellor Olaf Scholz visited the United Arab Emirates accompanied by a high-ranking German business delegation to discuss energy agreements following the sudden cutting of ties with Russia following its invasion of Ukraine. The German Chancellor met with Emirati President Sheikh Mohamed bin Zayed Al-Nahyan to extend cooperation on new technology such as green hydrogen produced using renewable energy.

#### Germany-Qatar

- On April 19, 2024, Germany reaffirmed Qatar’s “important role” in mediating the conflict in Gaza. “Qatar plays a very important role in the efforts to finally free the hostages from the hands of Hamas and we are in close coordination with Qatar,” Foreign Ministry spokesman Christian Wagner said at a press briefing in Berlin.
- In March 2024, the Qatar Chamber (QC) hosted the Qatari German Business Meeting at its headquarters. The event was co-chaired by H.E. Mohamed bin Ahmed bin Twar Al Kuwari, QC’s First Vice Chairman, and Gordon Pelz, Vice Chairman of the German Mittelstand

(German Association for SMEs). The meeting focused on enhancing bilateral commercial and economic relations and exploring the investment climate and opportunities in both Qatar and Germany, especially in sectors like healthcare, agriculture technologies, real estate, renewable energy, transport and shipping, and IT.

- In February 2024, the German Association for SMEs, BVMW GCC Office in Doha took a significant step towards enhancing trade cooperation between Germany and Qatar by organizing a high-level delegation visit to Doha. The delegation included high-ranking Chairmen and CEOs of leading companies and institutes, such as Hasso Plattner Institute, in the fields of artificial intelligence (AI), HealthTech, FinTech, and cybersecurity, led by Dr. Sophie Chung, Advisory Board Member for the German Federal Minister for Economic Affairs and Climate Action and Board Member of the German Federal Association of Startups as well as CEO and founder of digital health disruptor, Qunomedical.
- In May 2023, Foreign Minister Annalena Baerbock traveled to Qatar where she discussed bilateral issues as well as questions of regional crisis diplomacy with her Qatari counterpart Sheikh Mohammed bin Abdulrahman Al-Thani in Doha.

#### Germany-Oman

- In March 2024, Oman LNG signed a sales and purchase agreement with Germany’s Securing Energy for Europe (SEFE). The agreement follows a prior commitment where Oman LNG inked a binding term sheet to supply SEFE with 0.4 million metric tons a year of liquefied natural gas (LNG) starting in 2026.
- In January 2024, a Federal Republic of Germany delegation, including Dr. Robert Habeck, Vice Chancellor and Minister of Economic Affairs and Climate Action of Germany, visited the Sultanate of Oman to explore investment opportunities. H.E. Maitha bint Saif Al Mahrouqi, Ambassador of

the Sultanate of Oman to the Federal Republic of Germany, explained that the visit of H.E. Dr. Robert Habeck, Vice Chancellor and Minister of Economic Affairs and Climate Action of Germany, and the trade delegation accompanying him is in accordance with the plan of the Embassy of the Sultanate of Oman in Berlin and the Foreign Ministry to learn about the investment opportunities available in various economic sectors targeted in Oman Vision 2040.

#### Germany-Bahrain

- On February 28, 2024, His Majesty King Hamad bin Isa Al Khalifa received a written letter from President Dr. Frank-Walter Steinmeier of Germany. The letter addressed the strong relations between the two countries and ways to enhance cooperation on issues of common interest.
- On January 12, 2024, Australia, Bahrain, Canada, Denmark, Germany, Netherlands, New Zealand, the Republic of Korea, the United Kingdom, and the United States released a joint statement on strikes against Houthi military targets. “Our aim remains to de-escalate tensions and restore stability in the Red Sea, but let our message be clear: we will not hesitate to defend lives and ensure the free flow of commerce in one of the world’s most critical waterways in the face of continued threats,” read the statement.
- On January 3, 2024, Australia, Bahrain, Belgium, Canada, Denmark, Germany, Italy, Japan, Netherlands, New Zealand, Republic of Korea, Singapore, United Kingdom, and the United States released a joint statement condemning Houthi attacks against commercial shipping in the Red Sea. “We

remain committed to the international rules-based order and are determined to hold malign actors accountable for unlawful seizures and attacks,” explained the joint statement.

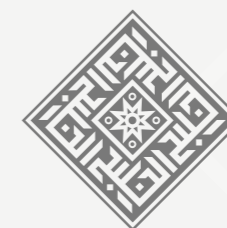
#### Germany-Kuwait

- In March 2024, the German Embassy of Kuwait invited local media representatives to an iftar gathering to boost cultural exchange and understanding between communities. German Ambassador Hans-Christian Freiherr von Reibnitz said that this year, Kuwait and Germany celebrate 60 years of diplomatic relations. “The 60 years of economic, cultural, scientific, and interpersonal relationships find their expression today in a continued flow of visitors, lively personal contacts, frequent exchanges, and friendships forged over time,” he said.
- On February 11, 2024, the Directorate General of Civil Aviation (DGCA) signed a contract with LEONARDO, a German company, for three projects at Kuwait International Airport worth about USD 25.9 million.

#### 4. Supporting Documents

##### GRC Commentary & Analysis

- Europe’s Toughened Stance on Migration – [April 2024](#)
- Europe and Regional Security in the Gulf – [April 2024](#)
- GCC-EU Ties are Progressing but Obstacles Remain – [April 2024](#)
- Europe and Red Sea Security – [February 2024](#)
- Saudi-German Cooperation is Essential for Middle East Security – [September 2022](#)
- EU-GCC Relations: Turning a New Page? - [June 2022](#)



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