

Germany's Zeitenwende 2.0: Shaping Europe's New Security Order and the Strategic Implications for Portugal

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EXECUTIVE SUMMARY

Europe is entering a new security era, with the end of assumptions that underpinned European security since the end of the Cold War. This new era is marked by Russia's war against Ukraine and growing great-power competition, namely China's rise and increasing uncertainty about the long-term role of the United States. In this context, European defence is evolving from a predominantly military policy into a broader challenge involving industrial capacity, technological innovation, financial resources and political coordination.

This brief argues that Germany is at the centre of this transformation. The initial Zeitenwende announced by Chancellor Olaf Scholz in 2022 marked the end of Germany's post-Cold War strategic restraint. Under Chancellor Friedrich Merz, this transformation is entering a second phase: Zeitenwende 2.0, in which defence has become a permanent political and fiscal priority for Germany. Simultaneously, Berlin is increasingly seeking to shape European defence-industrial cooperation, joint procurement and the development of the European pillar of NATO.

This brief argues that **Germany is evolving from Europe's principal economic power into its emerging strategic ordering power:** a state whose influence derives not only from its military capabilities, but from its capacity to mobilise financial resources, coordinate industrial production, shape European institutions and organise political coalitions. This does not imply replacing NATO or displacing France's strategic role, but rather assuming greater responsibility for organising Europe's conventional defence.

For Portugal, this transformation represents both a strategic challenge and an opportunity. **It is argued that Lisbon should move beyond a reactive approach centred on adapting to decisions made in Berlin and Brussels.** It should develop a coherent long-term strategy towards Germany, combining its European and Atlantic orientations. This would include deeper strategic dialogue with Berlin, stronger integration into European defence value chains, greater use of European defence instruments as tools of industrial policy, and a whole-of-government approach to European defence. Portugal's objective should not simply be to participate in Europe's emerging security architecture, but to position itself early enough to help shape it.

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INTRODUCTION

Europe's security architecture is undergoing its most profound transformation since the end of the Cold War defined by several concurring geopolitical phenomena:

- Russia's full-scale invasion of Ukraine, the culmination of the shift in policy announced in the Munich Security Conference speech of 2007 and intervention in Georgia in 2008;
- The progressive strategic reorientation of the United States towards the Indo-Pacific, increasingly present since the turn of the century, as well as towards the recreation of a sort of exclusive 'sphere of influence' in the western hemisphere, unambiguously mentioned in the November 2025 National Strategy document;
- China's geopolitical rise and progressive transformation from a positive contributing factor to Europe's trade to an aggressive economic competitor;
- Finally, encompassing all these factors, the return of great-power competition has fundamentally altered the assumptions upon which European security rested for more than three decades.

Within Western Europe, and from the late 1990s also in Central Europe, the post-Cold War model was based upon an American security guarantee, encapsulated in the NATO structure and capabilities. This model provided continent-wide security public goods to Europe and allowed it to more easily accept a secondary role within the US geopolitical umbrella, an acceptance that was particularly pronounced, amongst the European powers, in Berlin. The straightforward logic was that this comparatively low defence expenditure could be justified by the expectation that economic interdependence would increasingly reduce geopolitical rivalry ('the peace dividend').

Presently, that model is giving way to a more competitive international environment in which military power, industrial capacity, technological innovation and economic resilience are increasingly interconnected. Although Russia's invasion of Ukraine provided the immediate catalyst, the current transformation of the European security and defence architecture is broader than a response to one conflict (even one as obviously epochal as the current war in Ukraine). It reflects a structural adaptation to an international order characterised by increasing multipolarity and growing uncertainty regarding the future role of the United States as Europe's ultimate security guarantor. The return of Donald Trump to the White House has not fundamentally altered Europe's trajectory towards greater strategic responsibility; rather, it has accelerated trends already underway.

Chancellor Olaf Scholz's announcement in February 2022 marked the symbolic end of Germany's post-Cold War strategic culture. Chancellor Friedrich Merz's government has transformed that symbolic turning point into a broader political project that extends beyond defence expenditure towards a more comprehensive redefinition of Germany's role in Europe. This policy brief refers to this evolution as Zeitenwende 2.0.

Within this context, Germany's Zeitenwende has entered a new phase, evolving into a longer-term public policy priority backed politically and financially by the two main German parties, currently in government coalition. Unlike the initial Zeitenwende speech of February 2022, which centred primarily on the €100 billion Sondervermögen (special fund) established to modernise the Bundeswehr, Zeitenwende 2.0 has progressively become embedded in Germany's fiscal and constitutional architecture.

Defence has evolved from an exceptional expenditure justified by Russia's invasion into a permanent state priority supported across much of the political spectrum. Following the constitutional reform agreed in 2025, defence expenditure above 1% of GDP was effectively exempted from the constitutional debt brake (Schuldenbremse), creating unprecedented fiscal space for long-term investment. Together with a €500 billion infrastructure and competitiveness package (which includes significant dual-use investments in transport, digital infrastructure, energy resilience and logistics) this reform fundamentally altered Germany's capacity to sustain higher defence spending over the coming decade.

These domestic reforms have been accompanied by an increasingly active European agenda, which Germany supported alongside other member-states: strengthening the European Defence Technological and Industrial Base (EDTIB), expanding joint procurement through the SAFE (Security Action for Europe) instrument, supporting the implementation of the Readiness 2030 agenda and promoting greater defence-industrial coordination across the European Union. Berlin has simultaneously increased military assistance to Ukraine, committed to permanently exceeding NATO's 2% spending target and announced the ambition of transforming the Bundeswehr into Europe's strongest conventional armed forces. Rather than isolated policy decisions, these measures collectively illustrate the institutionalisation of Germany's strategic transformation and the emergence of defence as a permanent organising principle of German public policy.

GERMANY AS EUROPE'S STRATEGIC ORDERING POWER

The Eurozone crisis transformed Germany into Europe's indispensable economic power. Zeitenwende 2.0 may similarly transform Germany into Europe's indispensable strategic power. In both cases, Germany's influence and ordering power within Europe and in particular within the European Union derives from material (namely economic and financial) capabilities combined with its ability to organise collective European responses during periods of systemic crisis.

Germany's emergence as Europe's central economic power was one of the defining characteristics of European integration during the first two decades of the twenty-first century. Successive crises, from the Eurozone crisis to the COVID-19 pandemic, reinforced Berlin's role as the indispensable actor capable of mobilising political consensus and financial resources at the European level. Few major reforms of the European Union's economic governance could realistically proceed without German support.

Defence represented the principal exception to this broader pattern of leadership. For historical, political and strategic reasons, Germany consistently exercised restraint in security affairs. Military leadership remained politically sensitive, while NATO continues to provide the organisational framework, as acknowledged by its most recent strategic documents, through which Germany fulfilled its security responsibilities. France retained strategic primacy within Europe through its nuclear deterrent, expeditionary capabilities and long-standing ambition for greater European strategic autonomy. That division of labour is now changing. The combination of Russia's revisionism, deteriorating European security conditions and growing doubts regarding long-term American strategic priorities has fundamentally altered German threat perceptions. Berlin increasingly recognises that economic leadership alone is no longer sufficient to preserve European stability. The defence of the European project now requires Germany to assume responsibilities that previous governments deliberately sought to avoid.

Traditional debates about leadership often focus on military capabilities or political influence. Yet, the emerging European security architecture requires something different. The principal challenge facing Europe today is no longer defining ambitious objectives. Europe's challenge has become implementation, given that over the past decade the EU has adopted initiatives such as the European Defence Fund, PESCO, SAFE, Readiness 2030 and the White Paper for European Defence.

Implementation requires governments capable of mobilising financial resources, coordinating industrial policy, aligning procurement decisions, building political coalitions and sustaining long-term strategic commitments across successive electoral cycles. Germany possesses these attributes to a greater extent than any other European state. Given the changes brought in with the Merz government, it is increasingly appropriate to view Germany as Europe's emerging strategic ordering power: the state capable of organising collective action through the provision of strategic public goods.

This ordering function rests upon three mutually reinforcing dimensions. First, Germany increasingly provides the financial foundations necessary for European defence integration. Second, Germany occupies a central position within Europe's defence industrial ecosystem, making its participation indispensable for expanding production capacity and developing common capabilities. Third, Berlin has become an increasingly active institutional entrepreneur, strengthening formats such as the Weimar Triangle while deepening cooperation with Nordic, Baltic and other European partners.

ZEITENWENDE 2.0: FROM ECONOMIC HEGEMONY TO STRATEGIC ORDERING POWER

In terms of its guiding strategy, Germany is progressively articulating a political vision that seeks to put 'strategic autonomy' notions to practice by strengthening NATO's European pillar by encouraging Europeans to assume greater responsibility for conventional deterrence. Taken together, these developments suggest that Germany is evolving from Europe's economic hegemon into the principal organiser of European defence and security moving forward.

The central hypothesis advanced in this policy brief that Germany is no longer simply Europe's largest economy or its most influential political actor. It is progressively becoming Europe's strategic ordering power: the indispensable state responsible for organising collective European action in defence, coordinating industrial capacity, mobilising financial resources and providing political direction for the emerging European security order.

Unlike a traditional hegemon, an ordering power does not necessarily possess overwhelming military superiority. Rather, it shapes the incentives, institutions, industrial ecosystems and political coalitions through which other states organise collective action. In the context of European defence, Germany's growing influence derives less from its military capabilities than from its capacity to coordinate financial resources, industrial production, procurement decisions and political consensus across the Union.

Furthermore, Germany assuming the role of ordering power in the field of European defence is not the same as becoming the state with the most military capabilities, which remain France and the United Kingdom. However, the current transformation might lead Germany to also assume that status in the medium-term, at least in conventional (i.e: non-nuclear) forces - which would give it added credibility and political leverage beyond the European Union institutional confines.

Germany's leadership is also increasingly reflected in its willingness to shape the future structure of the European defence industrial ecosystem. This extends beyond existing initiatives such as SAFE or Readiness 2030 towards a more proactive role in designing the next generation of European capability programmes. The uncertainty surrounding the future of the Franco-German-Spanish Future Combat Air System (FCAS) has already prompted discussions in Berlin about alternative European financing mechanisms capable of sustaining strategic defence-industrial projects should the programme fail to deliver as planned.

At the same time, Berlin has demonstrated a more pragmatic approach to defence exports, exemplified by its decision to approve the export of Eurofighter Typhoon aircraft to Türkiye, thereby removing a major obstacle to the agreement involving the United Kingdom, Italy and Spain, and signalling a significant departure from Germany's traditionally restrictive export policy. Furthermore, Germany's decision to purchase additional F-35 aircraft and to consider participation in the Canadian submarine procurement programme reflects a broader willingness to use procurement and industrial cooperation as instruments of alliance-building and strategic influence. Taken together, these developments reinforce the argument advanced in this policy brief: Germany is increasingly shaping the financial, industrial and institutional architecture through which European defence is organised.

FROM RELUCTANT POWER TO STRATEGIC RESPONSIBILITY

Germany's changing approach to defence cannot be understood solely through the prism of Russia's invasion of Ukraine. It also reflects a fundamental reassessment of the transatlantic relationship. For decades, Germany's strategic culture rested upon two assumptions: that the United States would remain Europe's unquestioned security guarantor and that German influence would continue to derive primarily from its economic strength rather than military power. Both assumptions have progressively weakened.

Although successive American administrations had already encouraged Europeans to assume greater responsibility for their own security, the return of Donald Trump has significantly reinforced concerns in Berlin regarding the long-term reliability and predictability of the American security guarantee. German policymakers increasingly recognise that strengthening European defence is no longer simply a matter of burden-sharing within NATO but an essential condition for preserving the transatlantic alliance itself.

This represents an important conceptual shift. Germany's new strategic posture should not be interpreted as a move away from Atlanticism or an attempt to replace NATO. Rather, Berlin increasingly views a stronger European pillar as the most effective means of ensuring NATO's long-term credibility and maintaining the United States's engagement in European security. Consequently, Germany's growing willingness to assume political, financial and industrial leadership is not driven by aspirations to attain strategic autonomy understood as strategic separation from the United States. Instead, it reflects an effort to preserve the transatlantic partnership through a more balanced distribution of responsibilities. This distinction is particularly relevant for countries such as Portugal, whose strategic identity has traditionally combined a strong Atlantic vocation with deep support for European integration.

GERMANY'S LEADERSHIP IN EUROPE'S NEW DEFENCE ARCHITECTURE

Germany's transformation extends far beyond increases in defence spending. Its constitutional fiscal reforms, major investments in military capabilities, support for the European Defence Technological and Industrial Base, participation in joint procurement initiatives and growing willingness to coordinate coalitions of like-minded states all point towards a broader strategic evolution. Germany is therefore undergoing not simply military modernisation but a transformation of its role within Europe itself.

Germany's transformation is not only reflected in national policy but increasingly in its ability to shape the European Union's emerging defence architecture. While earlier initiatives such as PESCO or the European Defence Fund sought primarily to stimulate cooperation and research, the post-2024 agenda has shifted towards creating an integrated ecosystem linking defence spending, industrial production, capability development and common financing. This evolution reflects a growing recognition that Europe's strategic shortcomings are no longer limited to military expenditure but extend to fragmented procurement, insufficient industrial capacity and the absence of coordinated long-term planning.

In this context, Germany has already played a decisive role in moving the debate beyond capability targets and towards the construction of a genuine European defence industrial and financial architecture. Berlin's support for the Readiness 2030 agenda, together with the establishment of the SAFE ("Security Action for Europe") instrument, illustrates this shift. Rather than treating defence procurement as an exclusively national responsibility, these initiatives seek to incentivise joint acquisition, strengthen the EDTIB ("*European Defence Technological and Industrial Base*"), reduce fragmentation between national markets and increase the Union's capacity to sustain large-scale defence production over time.

Germany's role has been particularly significant because it combines political leadership with industrial weight and fiscal credibility. As Europe's largest economy and one of its principal defence producers, Berlin possesses the capacity not only to finance higher defence expenditure domestically but also to shape the incentives governing collective European investment. In practice, Germany has become indispensable to the success of initiatives such as SAFE because their effectiveness ultimately depends upon the participation of Europe's largest industrial and financial actors.

From the perspective of this policy brief, these developments reinforce the argument that Germany's influence increasingly derives from its ability to organise the structures through which European defence is financed, produced and implemented. Leadership therefore resides not only in military capabilities but also in the capacity to shape the institutional architecture that underpins Europe's long-term security.

WHY THIS MATTERS FOR PORTUGAL: TOWARDS A PORTUGUESE STRATEGY FOR GERMANY

The evolution of German policy into Zeitenwende 2.0 carries profound implications not only for Germany or the European Union as a whole, but also for medium-sized member states such as Portugal. The question facing Portugal is no longer whether European defence integration will deepen. Events have largely settled that debate. The real question is whether Portugal intends to shape this transformation; or merely be a decision-taker and adapt to decisions taken elsewhere, namely in Berlin but also in Brussels or Paris.

For Portugal, these developments should fundamentally reshape strategic thinking. Portuguese debates on European defence have frequently concentrated on questions of defence expenditure or access to European funding. While important, these discussions underestimate the broader geopolitical transformation currently underway; the fact that European defence should no longer be understood merely as a defence or military policy. It increasingly constitutes industrial policy, technological policy, foreign policy and economic policy simultaneously.

This policy brief reflects a personal view from Lisbon, informed by several years of research in Germany, with an optimistic but realist outlook on the capability of Germany, Portugal and the EU to rise to the occasion. The challenge is clear, to create the conditions over the next decade to be an object (rather than a subject) in the emerging international order, which is at once bipolar, multipolar and increasingly regionalized.

In my view, Portugal therefore faces a strategic choice: One option would consist of continuing its traditional reactive approach: participating in European initiatives once they have already been designed, adapting national priorities to decisions largely shaped elsewhere and approaching new European instruments primarily as opportunities for financial support. The alternative is considerably more ambitious. Portugal should recognise that its future security, industrial development and political influence are becoming increasingly linked to the success of European defence integration, and to Germany's central role within it. Rather than positioning itself exclusively through the traditional Paris-Brussels axis, Portugal should develop a coherent long-term strategy towards Berlin.

This does not imply abandoning Portugal's Atlantic vocation or weakening its relationship with the United States. On the contrary, the emerging European security order increasingly requires Portugal to strengthen simultaneously its European and Atlantic dimensions. Europeanisation and Atlanticism should become mutually reinforcing rather than competing strategic priorities.

If Germany's strategy is to build a stronger European pillar within NATO (not outside it and even less in opposition to it) Portugal is unusually well placed to benefit, because its own strategic identity has always combined Atlanticism with support for European integration. Rather than choosing between Washington and Brussels, Portugal should position itself as one of the member states capable of connecting both strategic traditions.

The first priority should consist of institutionalising strategic dialogue with Berlin on defence, defence industry and European security, elevating these issues within the bilateral relationship. Secondly, Portugal should align national industrial priorities with German-led capability development wherever comparative advantages exist. Maritime technologies, Atlantic surveillance, cybersecurity, space applications, unmanned systems and critical infrastructure protection represent areas in which Portuguese capabilities could become integrated into broader European value chains. Thirdly, Portugal should strengthen its institutional capacity to participate effectively in the increasingly complex architecture of European defence initiatives. Success will depend not only upon military planning but also upon coordination between government, industry, universities and research centres.

POLICY RECOMMENDATIONS: TOWARDS A PORTUGUESE STRATEGY TOWARDS GERMANY'S ZEITENWENDE 2.0

Portugal should seek to influence European priorities before decisions are taken, rather than adapting once frameworks have already been established. Strategic influence increasingly depends upon early participation. Therefore, Portugal should develop a dedicated Germany Strategy within its foreign and defence policy. The following recommendations aim to strengthen Portugal's strategic influence while maximising the political and economic opportunities arising from European defence integration.

1. Develop a Portugal-Germany Strategic Partnership on Defence. Institutionalise an annual bilateral strategic dialogue on defence, security and defence-industrial cooperation, placing Germany alongside Spain, France and the United States as one of Portugal's key long-term strategic partners. Reinforce diplomatic engagement in Berlin and Brussels so that Portugal contributes to shaping European defence initiatives during their design phase, rather than merely participating during implementation.

2. Position Portugal as Germany's Atlantic partner. Leverage Portugal's Atlantic geography, maritime capabilities, the Azores and privileged relations with the Lusophone world to become Berlin's preferred partner on Atlantic and maritime security issues. Position the Azores as a central hub for Atlantic surveillance, maritime security, critical infrastructure protection and transatlantic logistics within both NATO and the European Union.

3. Promote triangular partnerships with Germany. Develop joint initiatives involving Germany and Portuguese priority regions, particularly the CPLP, Latin America and selected African partners, reinforcing Portugal's role as a strategic bridge between Europe and the wider Atlantic.

4. Align Portuguese industrial priorities with German and European capability development. Focus investment on sectors where Portugal can integrate into German and European defence value chains, including naval technologies, cyber security, artificial intelligence, autonomous systems, space and dual-use technologies. Treat European defence initiatives not simply as funding opportunities but as long-term mechanisms to modernise Portugal's industrial base, increase technological innovation and strengthen international competitiveness.

5. Increase Portugal's participation in European defence programmes and use them as instruments of industrial policy. Establish measurable national objectives for participation in SAFE, EDF and PESCO projects, while encouraging stronger cooperation between government, industry, universities and research centres. Portugal should seek to influence European priorities before decisions are taken, rather than adapting once frameworks have already been established.

6. Deepen Portugal's Europeanisation while reinforcing Atlanticism through a whole-of-government approach. Continue supporting NATO as the cornerstone of collective defence while actively contributing to the strengthening of its European pillar, recognising that these objectives are complementary rather than contradictory. Coordinate foreign policy, defence, industry, science and higher education around a comprehensive national strategy that treats defence as a driver of technological innovation, economic competitiveness and strategic resilience.

The success of Portugal's strategy will ultimately depend less on the absolute size of its defence budget than on its ability to anticipate structural transformations within Europe and position itself alongside the countries shaping them. If Germany is indeed becoming Europe's strategic ordering power, Portugal should seek to become one of its closest and most influential partners.

CONCLUSION

Europe has entered a new strategic era. The central question is no longer whether European defence integration will advance, but how it will be organised and who will shape its evolution. Germany's Zeitenwende 2.0 is not simply a German debate; it is becoming one of the defining organising principles of Europe's future security architecture; potentially the most significant transformation of European leadership since German reunification. This brief argues that it signals Germany's evolution from Europe's principal economic power into its emerging strategic ordering power: a state increasingly capable of organising the political, industrial and financial foundations of European defence.

For Portugal, this transformation presents an opportunity as significant as any since accession to the European Communities in 1986. States capable of anticipating structural change, aligning national priorities with emerging European initiatives and positioning themselves alongside the principal drivers of integration will enjoy disproportionate political and economic benefits over the coming decade. Portugal should therefore abandon a predominantly reactive posture. The country's future influence within Europe will depend less upon the absolute size of its armed forces than upon its ability to position itself politically, diplomatically and industrially at the centre of Europe's emerging security order.

The Eurozone crisis demonstrated that no major reform of European economic governance could succeed without Germany. The next decade may similarly demonstrate that no meaningful advance in European defence will occur without German leadership. For Portugal, this represents a strategic opportunity rather than a constraint. Historically, Lisbon has often demonstrated its greatest influence within the European project not by virtue of its size, but through its capacity to anticipate major shifts in European integration and position itself alongside those driving them. The current transformation offers a comparable opportunity.

A coherent strategy towards Germany should consequently become an integral component of Portugal's broader strategy towards European defence and this political brief advances some recommendation that intend to be a mere contribution to a crucial strategic debate emerging in Portugal. In the coming decade, Berlin is likely to shape the future of European security at least as profoundly as it shaped the future of European economic governance after the Eurozone crisis. Recognising this reality early, and acting upon it, may prove one to be of the most consequential strategic decisions Portugal can make.

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