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GERMAN POLITICS: MERKEL NEEDS A NEW SUCCESSOR

Berenberg Macro Flash

German chancellor Angela Merkel has lost her chosen successor. Exasperated by the [Thuringia incident](#), CDU leader Annegret Kramp-Karrenbauer (AKK) is throwing in the towel as party boss and prime contender to run for the chancellorship at the next election. The reshuffling of the cards within the CDU does not raise the risk that Merkel's CDU/CSU-SPD coalition will fall apart before the regular end of her fourth and final term in September 2021. The change at the helm of the CDU will only have a modest impact on the policy outlook. The key candidates to lead the CDU after AKK and – possibly – the country after Merkel differ only modestly in their policy approach. In addition, the policies which a CDU-led government would pursue after Merkel would have to be the result of a coalition agreement with – probably – the Greens. That would make major shifts unlikely.

The two **favourites** to replace AKK as party leader are:

- **Armin Laschet**, state prime minister of big NRW, whose experience – also as state minister of integration – would make him well suited to lead a coalition with the Greens. He would be a candidate of continuity – which could not only be an advantage. Many in the party may regard him as too close to Merkel, though.
- **Friedrich Merz**, a conservative who once was Merkel's rival and lost out to AKK in the CDU's contest for leadership in December 2018. He is well supported by those in the CDU base who look for a bigger change after Merkel's reign. Having come only narrowly behind AKK in late 2018, he may have a slight advantage over Laschet who did not run at the time. He may be better suited to take on the right-wing AfD than the other candidates.

Two candidates with **outside chances** are:

- **Jens Spahn**, the conservative minister for health who came third in the party contest in late 2018. He has gained respect for his work as a minister – even from Merkel. However, he is not very well liked among the wider German population.
- **Ralph Brinkhaus**, the leader of the CDU faction in the Bundestag in Berlin. He is the closest to party power among the four candidates. Probably, he is better equipped for pulling the strings behind the scenes rather than being always in the public eye.

The new CDU boss will almost certainly be the party's candidate to replace Merkel as chancellor. That Merkel would revise her decision to not run again herself in 2021 seems extremely unlikely. Of course, CSU boss **Markus Söder**, who heads the Bavarian state government, may also harbour ambitions to be the next chancellor. But unless the new CDU leader were to stumble badly, the much bigger CDU rather than the CSU will likely field the joint candidate for the next federal election.

Amid all the noise, we do not expect a major impact on policy substance. This is largely a CDU internal issue. None of the candidates to succeed AKK toys with the idea of leaving the coalition with the centre-left SPD and/or triggering snap elections. We currently see a risk of no more than 25% that the SPD may walk out of the coalition with the CDU/CSU and bring down Merkel pre-



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turely. Languishing at around 13% in opinion polls versus 27% for the CDU/CSU and 23% for the Greens, the SPD would have little to gain from provoking early elections. As in late 2018, the CDU will likely hold a series of regional party conferences before electing the new party leader this summer.

The new CDU party leader will have to heal the rifts within the CDU between their regional subsidiaries in east Germany and their national leadership in Berlin that the events in Thuringia exposed. While the latter firmly reject any - even any accidental - cooperation with the AfD (and the Left party), some of their party members in regions where AfD support stands at 25% are not so sure about that.

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