

Snap | 21 January 2018

## Germany: Next step towards a new government

SPD party delegates give green light to start coalition talks but increase pressure on own party leaders to bring home some political star prizes



Almost one year after Martin Schulz was elected as new SPD party leader by a smashing 100%, the SPD decided on Sunday to start official coalition talks with Angela Merkel's CDU. At the SPD's party congress, delegates voted by 362 to 279, with one abstention, to press ahead with negotiations. This relatively narrow margin for the supporters of another grand coalition was the result of a recount after an initial show of hands was too close to call.

## SPD delegates give party leaders homework for coalition talks

Following months of political deadlock, the SPD brought Germany one step closer to a new government. Remember that the elections were held on 24 September last year. The official coalition talks will start today. Given the very detailed informative talks in January, the official coalition talks should not take too long - if all parties stick to the desired results. However, the SPD delegate pushed the party leaders to renegotiate details of the informative talks regarding the healthcare system, the labour market and immigration, increasing pressure on the SPD to bring some new political achievements from the forthcoming talks. The willingness of the CDU to really re-open some of the most controversial issues seems to be very limited.

## Tougher nut to crack is on its way

Almost four months after Election Day, Germany will finally have official coalition talks. Most of the work has been done. A lot will now depend on how many topics the SPD will really want to re-open in the negotiations. However, once there is an official coalition agreement, all SPD party members, more than 440,000, will get the chance to vote for or against it. Compared with Sunday's party congress, this party members' vote will be a much tougher nut to crack.

### Author

#### Carsten Brzeski

Global Head of Macro

[carsten.brzeski@ing.de](mailto:carsten.brzeski@ing.de)

### Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security

discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.