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Editorial

A Month of Political, Economic and Strategic Decisions

October's German agenda extended well beyond Frankfurt. Domestic political pressures, energy-driven inflation, industrial uncertainty and debates over Europe's economic and security direction shaped the month. The UAE–Germany relationship—given fresh momentum by the September state visit—forms one strand of this wider picture. The Frankfurt Book Fair was an important platform for knowledge diplomacy, but it was only one of several developments relevant to Germany's strategic outlook.

For TRENDS Research & Advisory, the Frankfurt programme was one practical expression of a broader agenda: connecting research and policy debate across Germany, Europe and the Gulf. Yet the month's wider context matters. Berlin was navigating coalition pressures and intelligence reform, while economic data showed both signs of recovery and persistent weaknesses in industrial demand, household purchasing power and employment.

The economic picture was mixed. The federal government raised its 2026 growth forecast to 1.3%, but its October assessment also reported a 3.3% annual inflation rate for September, with energy prices up 14.9%. Industrial production rose in August, while new industrial orders fell sharply. These

Editorial Board

Editorial

A Month of Political, Economic and Strategic Decisions

contrasting indicators point to a recovery that remains uneven and exposed to energy costs, global competition and geopolitical disruption.

Politically, the governing coalition faced renewed pressure to deliver reforms after regional election setbacks and public dissatisfaction. At The European level, Chancellor Friedrich Merz prioritised competitiveness, defence and reducing bureaucracy at the 15–16 October European Council, while disagreements over the next EU budget and the response to Chinese industrial exports highlighted the trade-offs facing Germany and its partners.

The central question is how Germany can translate modest growth forecasts into durable economic recovery while managing inflation, industrial restructuring, political polarisation and a more demanding European security environment. For the UAE, these developments affect the context for investment, technology cooperation, energy policy and strategic dialogue. The Frankfurt activities are therefore best understood as one part of a wider relationship—not the defining story of the month.

Editorial Board

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German Expert Opinion

AI, Extremism and the New Security Debate

German public debate in October placed growing emphasis on hybrid threats, disinformation, sabotage, espionage and the resilience of democratic institutions. On 12 October, Interior Minister Alexander Dobrindt warned of a 'shadow war' aimed at destabilising Germany, while the leadership of the Federal Office for the Protection of the Constitution (BfV) stressed the changing character of threats. The debate coincided with parliamentary consideration of a proposed reform that would expand the operational capabilities of Germany's intelligence services.



These developments sharpen the questions addressed during TRENDS' 8 October session at the Frankfurt Book Fair, 'Artificial Intelligence and Its Role in Countering Radical and Extremist Ideas'. The session examined how AI-enabled monitoring, analysis of online narratives, early-warning systems and digital tools might support efforts to identify radicalisation and counter extremist communication.

The policy challenge is not simply to deploy more technology. AI tools can help analysts process large volumes of public information, identify emerging patterns and understand how narratives spread. Yet automated systems can also misclassify speech, reproduce bias, overstate certainty or create risks for privacy and freedom of expression. Their effectiveness depends on transparent methods, human oversight, reliable evidence and clear legal safeguards.

The German debate over intelligence reform demonstrates the wider tension: governments face pressure to respond more effectively to complex threats, while democratic legitimacy requires proportionality, accountability and independent oversight. Research organisations can contribute by distinguishing evidence-based threat assessment from speculation and by encouraging informed discussion about both the capabilities and limits of emerging technologies.

A productive UAE–Germany research agenda could include comparative work on online radicalisation, AI-supported threat analysis, the role of digital platforms, and safeguards for democratic societies. Such cooperation should be grounded in the rule of law and recognise that technology is an instrument—not a substitute—for professional judgement, prevention and public trust.



03

Trends in Numbers

Political and Economic Indicators





Trends in Numbers

Political and Economic Indicators

3.1%

the federal government's forecast for German GDP growth in 2026, revised upward in its autumn projection.

3.3%

Germany's year-on-year inflation rate in September 2026, the highest level recorded that year to date.

14.9%

year-on-year increase in energy-product prices in September, a major driver of inflation.





2.0%

increase in German production in the producing sector in August compared with July.

10.6%

month-on-month decline in industrial new orders in August, underscoring the fragility of the recovery.

15.16

October — European Council meeting focused on competitiveness, energy costs, defence, Ukraine, migration and the next EU budget.



25.043%

official business insolvencies reported for August 2025–July 2026, up 7.1% year-on-year.



7-11

October dates of the 78th Frankfurter Buchmesse; the fair hosted TRENDS' three public activities.

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October — TRENDS' sessions on AI and extremism, the TRENDS–MOSECON project, and the German edition of The Muslim Brotherhood Power Index International 2024–2025.



The figures show the scale of Frankfurt as an international meeting point. For TRENDS, the more meaningful measure is whether participation generates continuing dialogue, research partnerships, media engagement and follow-up projects.

04

Geopolitical Trends Radar

Five Signals from Germany and Europe



1. Economic Recovery Remains Uneven



The government's higher 2026 growth forecast offers a cautiously improved outlook, but the October economic report records weaker industrial orders, persistent energy-price pressure and deteriorating employment indicators. This is not yet a broad-based recovery; the balance between public investment, private demand and industrial competitiveness remains central.

2. Inflation and Energy Costs Remain Political Risks



September inflation reached 3.3% year on year, driven substantially by energy prices. Higher fuel and heating costs can weigh on household purchasing power and business costs, complicating the government's efforts to restore confidence and support growth.

3. Coalition Stability Depends on Delivering Reforms



The governing parties reiterated their commitment to reforms and the 2027 budget after coalition talks on 7 October. However, election setbacks and the resignation of Labour Minister Bärbel Bas on 12 October added pressure to a coalition already divided over pensions, labour policy and taxation. The practical test is whether agreement translates into legislation and implementation.

4. Germany Is Seeking a Stronger European Economic Voice



At the European Council, Merz highlighted competitiveness, defence and reducing bureaucracy. Germany also joined calls for a firmer EU response to the growing trade imbalance with China, including pressure on European manufacturers and the automotive sector. The challenge is to protect industrial capacity without undermining open trade or raising costs for consumers and firms.



5. Hybrid Threats and Intelligence Reform Remain Security Priorities

German officials have raised concerns about sabotage, espionage, cyber operations and disinformation. The debate over expanded intelligence powers therefore sits at the intersection of national security, civil liberties and democratic oversight. For international partners, cooperation will require both operational relevance and confidence in legal safeguards.



Radar takeaway: October's German agenda is defined by the interaction of a fragile economic recovery, political pressure to deliver reforms, competition over Europe's industrial future and heightened security concerns. These issues shape the environment for UAE–Germany cooperation as much as high-profile bilateral events do.

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Germany's Political and Economic Crossroads

Growth, Reform and the Pressure to Deliver

Germany entered the second half of October with a more optimistic official growth forecast, but not a settled economic outlook. The federal government's autumn projection expects GDP to grow by 1.3% in 2026, citing exports and state investment in defence and infrastructure. Its economic assessment nevertheless describes a slowdown in the third quarter after stronger activity in the first half.





The underlying data are uneven. Production in the producing sector rose 2.0% month on month in August, including a strong increase in construction, but industrial new orders fell 10.6%. The October report notes that the recovery in energy-intensive sectors may be losing momentum and that export demand remains constrained by high energy prices and global competition. The figures suggest that public investment is supporting activity, while a durable revival in private industrial demand remains uncertain.

Households and employers also face price and labour-market pressures. Inflation reached 3.3% in September, with



energy-product prices 14.9% above a year earlier. The federal economic report recorded a rise in seasonally adjusted unemployment in September and a decline in employment in August. Official business insolvency figures also remained elevated: 25,043 cases were recorded over the twelve months to July 2026, 7.1% more than in the previous year.

Political Confidence and Coalition Management

Economic performance is closely tied to political confidence. After regional election setbacks, the CDU/CSU–SPD coalition used its 7 October committee meeting to reaffirm its commitment to reforms and the 2027 budget. The agenda includes pensions, care, labour-market policy and taxation, but the coalition's partners continue to face competing demands over the distribution of costs and benefits.

The resignation of Labour Minister Bärbel Bas on 12 October added a further leadership challenge for the Social Democrats. Her departure should not be read as proof that the coalition will collapse, but it increases the political difficulty of negotiating sensitive reforms at a time of weak public confidence. The October ARD-DeutschlandTrend survey reported that only 10% of respondents were satisfied with the coalition's work, while the AfD led the national voting-intention measure at 27%. These are survey results at a specific moment, not election outcomes or a guarantee of future results.



Germany and the European Economic Debate

At the 15–16 October European Council, Merz placed competitiveness, defence and bureaucracy reduction at the centre of Germany's European agenda. Leaders also discussed energy costs, support for Ukraine, migration, enlargement and the EU's next multiannual budget. Merz called for a substantially smaller budget than the Commission's proposal, illustrating the tension between demands for

greater European capacity and national concerns about contributions and spending priorities.

Trade policy is another point of change. At the October summit, Germany and France backed a more assertive European response to the trade imbalance with China and pressure on European manufacturing, including the automotive sector. Any move toward trade-defence measures will involve difficult choices: protecting industrial capacity and jobs, maintaining access to export markets, and avoiding unnecessary escalation or higher costs for European consumers.



Implications for the UAE

For the UAE, Germany's economic and political trajectory matters in practical terms. A recovery supported by infrastructure, defence and technology investment may create opportunities for partnerships, while high energy costs, industrial uncertainty and policy debates can affect investment decisions and demand. The September UAE presidential state visit provides a bilateral framework, but its value will depend on implementation: identifying investable projects, advancing energy and digital cooperation, and maintaining channels for research and policy dialogue.

The broader lesson for bilateral engagement is to follow both announcements and conditions on the ground. Tracking German growth, inflation, industrial orders, labour-market developments and EU trade policy will help assess where cooperation can progress and where risks or delays may emerge.

06

Trends in Numbers

Frankfurt 2026: One Part of a Wider Strategic Agenda





A global forum for contested ideas

The 78th Frankfurter Buchmesse brought together publishing professionals, authors, researchers, media and public audiences at a time of political polarisation and technological change. Its programme addressed AI, democracy, disinformation, freedom of expression and the future of knowledge. The fair's reported 236,000 visitors and more than 3,800 events underscored its continuing international reach.

For a research institution focused on strategic and geopolitical questions, the fair provided an opportunity to engage audiences beyond traditional policy conferences. Ideas about extremism, political violence and international security circulate through publishing, media, digital platforms and public debate. A book fair can therefore be a setting for substantive discussion about how societies interpret threats and respond to them.



AI and countering extremist narratives

The 8 October TRENDS session, 'Artificial Intelligence and Its Role in Countering Radical and Extremist Ideas', addressed the potential of AI-enabled tools to support the identification and analysis of extremist narratives. Relevant applications include mapping the spread of public messaging, detecting changes in online activity and supporting analysts in identifying patterns that merit further investigation.

The risks deserve equal attention. AI systems may produce false positives, misunderstand cultural context or amplify the assumptions embedded in their training



data. A credible approach must combine technical capability with human review, legal safeguards and careful assessment of the evidence. The aim should be better analysis and prevention, not technological determinism.



Launching a joint project on political violence and hybrid warfare

Later on 8 October, TRENDS and MOSECON introduced a joint project titled 'AI, Political Violence, Sabotage, and Hybrid Warfare: Recruitment, Attack Planning, and Organizational Resilience'. The initiative brings together research and security expertise around the relationship between emerging technology and evolving forms of political violence.

The project's value will depend on translating its broad theme into clear research questions, responsible methods and useful outputs for practitioners and policymakers. Potential areas include the role of digital systems in recruitment, the use of AI by threat actors, the vulnerability of critical infrastructure, and the organisational capabilities required to prevent and withstand disruptive activity.



A German-language research intervention

TRENDS and EICTP also launched the German edition of The Muslim Brotherhood Power Index International 2024–2025 at the Frankfurt pavilion. The initiative sought to make research findings accessible to German-speaking audiences and contribute to discussion of political movements and security in a European context.

German-language outreach matters because policy debates are shaped by the sources and frameworks available to local audiences. Translating research is not merely a communications exercise; it can support scrutiny, comparison and debate, provided that methods, definitions and limitations are clearly explained.



What Frankfurt demonstrates

Taken together, the three activities illustrate a connected approach: convening discussion, building research cooperation and communicating analysis to German audiences. They also show how the Germany Virtual Office can act as a bridge between Emirati research perspectives and German policy, academic, media and professional communities.

The next step is to sustain the relationships created in Frankfurt through follow-up publications, expert exchanges, joint research and transparent evaluation of impact. In this sense, the fair should be understood not as a standalone event, but as one stage in a longer programme of knowledge diplomacy.

07

Germany Lens

Security, Technology and Democratic Resilience





October's German debate offers a clear lens on the pressures shaping domestic policy. The government has argued that intelligence services need capabilities suited to cyber operations, espionage, sabotage and hybrid attacks. The proposed reform of intelligence legislation was approved by the cabinet in August and debated in the Bundestag in September; in October, officials continued to emphasise the changing security environment.

The policy question is how to strengthen protection without weakening the legal and democratic principles that security agencies are meant to defend. New technical capabilities may improve detection and response, but they also raise questions about authorisation, proportionality, data use, independent scrutiny and remedies for misuse.

AI adds another layer. The same technologies that support research, content analysis and early warning can be used to generate persuasive disinformation, scale propaganda or automate parts of harmful activity. This dual-use character makes international cooperation and shared professional standards increasingly relevant.



For the UAE–Germany relationship, three areas merit attention: first, expert exchange on AI and security governance; second, research into radicalisation, political violence and disinformation that uses transparent and reproducible methods; and third, dialogue on resilience that includes technology, institutions and communities. The opportunity is not to assume identical approaches, but to compare experiences and identify practical areas of common interest.



Germany Lens takeaway: The October debate shows that security policy is increasingly about resilience across digital, institutional and social domains. Research cooperation can help clarify the risks while keeping effectiveness, legality and public trust in view.

08

Impact on Europe and the Arab World

The Wider Value of Knowledge Partnerships





The activities in Frankfurt have relevance beyond Germany. Across Europe, governments and institutions are confronting the interaction between technological change, disinformation, political polarisation and security. The book fair's programme placed AI alongside democracy, freedom of expression and the circulation of ideas, reflecting a broader recognition that these issues are connected.

For the Arab world, stronger research engagement with German and European institutions creates opportunities to share regional perspectives, compare policy approaches and develop joint analysis. Questions of extremist narratives, online mobilisation, political violence and hybrid threats cross borders; understanding them requires attention to local context as well as transnational networks.

The UAE can contribute through research capacity, international connectivity and its relationships across the Gulf and wider regions. German partners bring their own academic networks, policy experience and European institutional context. Collaboration is most useful when it avoids one-way knowledge transfer and instead supports reciprocal research, open discussion and clearly defined outputs.

The wider opportunity is to connect economic and diplomatic engagement with intellectual cooperation. Strategic partnerships become more durable when they are supported by people-to-people relationships, shared research questions and channels for professional exchange. Frankfurt offered a practical example of how this can work.

09

Thought Corner

Can AI Strengthen Resilience Without Weakening Trust?





AI is increasingly presented as a tool for detecting extremist narratives, anticipating threats and strengthening institutional resilience. Yet the effectiveness of these applications cannot be measured only by speed, scale or the volume of data processed.

A system that flags too much content inaccurately can overwhelm analysts and undermine confidence. A system that misses context can misread political speech, cultural expression or legitimate dissent. And a system whose methods cannot be explained may be difficult to scrutinise or correct.

The question is therefore not whether AI should be used in security-related research, but under what conditions. Human oversight, clear legal authority, data minimisation, independent evaluation and transparent definitions of risk should be part of the design—not added after deployment.



For international research cooperation, a further principle matters: shared methods should not erase local context. A narrative that carries one meaning in one society may have a different history or resonance elsewhere. Cross-border analysis needs both technical competence and contextual knowledge.

The lesson from October's discussions is that resilience depends on more than technology. It also depends on institutions that can explain their decisions, researchers who communicate uncertainty honestly and societies that retain trust in the systems intended to protect them.



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Forward Outlook

Germany's Political and Economic Agenda, UAE–Germany Strategic Relations, and European Priorities

The coming months will be shaped by Germany's domestic reform agenda, economic recovery, European security priorities, and efforts to strengthen international partnerships. The government's ability to advance fiscal, labour-market, pension and industrial reforms will remain central to political debate, alongside concerns about inflation, employment, competitiveness and public confidence. Developments within the governing coalition and the wider political landscape will influence the pace of policy implementation.





Economically, Germany will face the challenge of translating public investment in infrastructure, defence and technology into sustainable growth. Energy costs, industrial restructuring, international trade tensions and competition with China and the United States will remain important factors. Future economic indicators will help clarify whether the recovery is broadening and what opportunities may emerge for international investors and commercial partners.



At the European level, Germany will continue to engage in discussions on strategic autonomy, defence cooperation, support for Ukraine, migration, energy security and the EU's next long-term budget. Balancing national economic interests with European coordination will be an important consideration, particularly as policymakers address industrial competitiveness and external economic pressures.

UAE–Germany relations will also enter an important implementation phase following the September 2026 state visit. Priorities include advancing investment opportunities, strengthening energy cooperation, expanding collaboration in artificial intelligence and digital technologies, and developing partnerships in research, innovation and industrial development. Progress will depend on translating political commitments into concrete projects, institutional cooperation and sustained business engagement.



Security and knowledge diplomacy will provide additional avenues for bilateral cooperation. Follow-up activities involving TRENDS Research & Advisory, German research institutions and European security experts could support dialogue on artificial intelligence, extremism, disinformation, hybrid threats and regional stability. The TRENDS–MOSECON research initiative and German-language publications offer potential foundations for continued engagement.





For TRENDS' Germany Virtual Office, the priority will be to monitor political and economic developments, identify emerging areas of UAE–Germany cooperation, and maintain structured engagement with policymakers, researchers, businesses and media. The months ahead will test whether diplomatic momentum and research engagement can generate measurable outcomes across economic, strategic and intellectual partnerships.





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