

German coalition struggle begins

Germany's political rivals are making moves to build a coalition - but both main parties claim the right to lead after Sunday's inconclusive election.

Angela Merkel's conservative Christian Democrats (CDU) got 35.2% - only three seats more than Chancellor Gerhard Schroeder's Social Democrats (SPD).

Both he and Mrs Merkel say they have a mandate to be chancellor.

Coalition talks are to start later this month - but neither side wants to cede power in a joint "grand coalition".

PROVISIONAL ELECTION RESULTS

CDU/CSU: 35.2% (225 seats)

SPD: 34.3% (222)

Free Democrats: 9.8% (61)

Left Party: 8.7% (54)

Greens: 8.1% (51)

Mrs Merkel urged the SPD on Monday to "accept that they are not the strongest party" and enter talks on forming a broad coalition under her leadership.

But SPD chairman Franz Muentefering insisted that Mr Schroeder had won the voters' trust and called on other parties - apart from the new Left - to build a new SPD-led coalition.

Pre-election opinion polls had suggested that Mrs Merkel would be the clear winner.

The BBC's William Horsley in Berlin says a CDU-SPD "grand coalition" could lead to instability or gridlock as the two sides differ sharply over how to revive Germany's economic fortunes.

Economic gloom

Investors' dismay was reflected in the markets on Monday, with Frankfurt's benchmark Dax index losing 2% in early trading, and the euro down more than 1% against the US dollar.

NEW BUNDESTAG

1. Christian Democrats/Christian Social Union
(CDU/CSU): 225

2. Social Democrats (SPD): 222

3. Free Democrats (FDP): 61
4. Left Party: 54
5. Greens: 51

The campaign was dominated by concerns about the sluggish economy and high unemployment.

European Commission President Jose Manuel Barroso urged German leaders on Monday to "find as soon as possible a stable solution for Germany", because "without a dynamic Germany, Europe cannot recover".

Mrs Merkel voiced disappointment with the result, but insisted she was still on course to become the country's first woman chancellor.

Meanwhile, Mr Schroeder said he could not understand how the CDU "stakes a claim to political leadership from a disastrous election result".

Coalition options

The CDU's intended coalition partner, the pro-business Free Democrats (FDP), did well with 9.8%, giving them 61 seats. But that is not enough to secure a joint majority.

PRE-POLL BUNDESTAG

1. Social Democrats (SPD): 249
2. Christian Democrats/Christian Social Union (CDU/CSU): 247
3. Greens: 55
4. Free Democrats (FDP): 47
5. Others: 3

German political experts are poring over a host of other possible coalitions.

The Left party, newly formed from disenchanted SPD members and former communists, took 8.7% (54 seats), and the Greens, Mr Schroeder's coalition partner, won 8.1% (51 seats).

Turnout was 77.7%.

Results from a final seat in the city of Dresden will be decided on 2 October, although that will not tip the balance of power.

Voting was delayed there because of the death of a candidate.

There is speculation about a possible "traffic light" coalition - never tried before - between the SPD, Greens and the FDP.

FDP leader Guido Westerwelle ruled that out on Sunday, but he could face pressure to reconsider.

Meanwhile, a new left-wing coalition of the SPD, Greens and Left party looks unlikely, commentators say.

A coalition deal must be reached before 18 October, the deadline for the new parliament to sit and choose a new chancellor.

If there is no deal, the only way out would be a fresh election.

The CDU slumped from a 20-point lead in opinion polls when Mr Schroeder called an early

election about six weeks ago.

Germany's President, Horst Koehler, will be called on to assist in the painful business of putting a coalition together.

Story from BBC NEWS:
<http://news.bbc.co.uk/go/pr/fr/-/2/hi/europe/4259612.stm>

Published: 2005/09/19 14:00:24 GMT

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