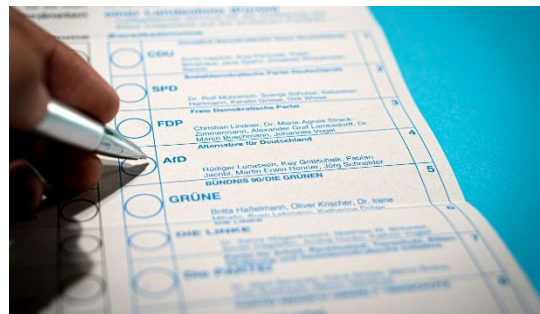


German state elections briefing: What the AfD's performance in Saxony-Anhalt means for Europe's largest economy

Berlin, September 7, 2026.

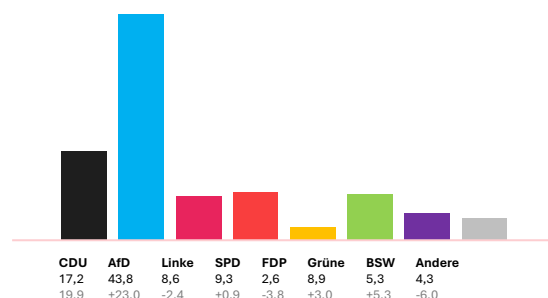
International coverage of Germany's regional elections frequently centres on the electoral gains of populist forces, often obscuring broader structural changes. This briefing examines the underlying political dynamics driving the September 2026 election results in Saxony-Anhalt (6 September) as well as the expected outcomes in Berlin and Mecklenburg-Western Pomerania (both 20 September). It provides an objective assessment of the growing geographical divide, the increasing complexity of coalition-building, and the concrete implications for companies making long-term strategic decisions in Europe's largest economy.



AfD wins landslide victory in Saxony-Anhalt; government formation remains uncertain

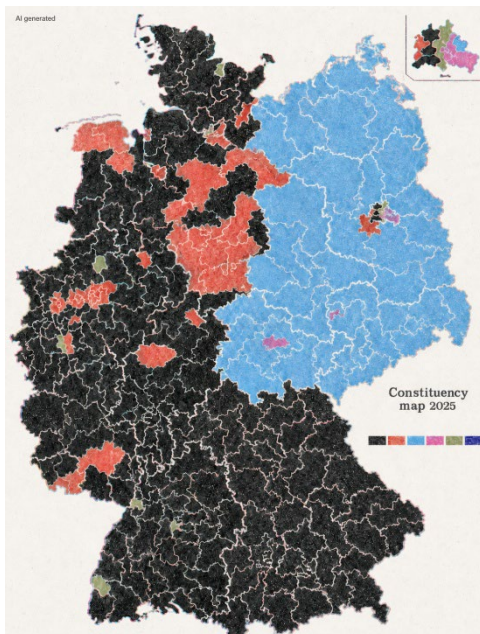
Though falling short of an absolute majority, the AfD emerged as the clear winner with 43.8 per cent of the vote, well ahead of the CDU on 17.2 percent. The CDU lost 19.9 percentage points, reducing its previous share by more than half. The Left, SPD and Greens enter the Landtag. The BSW (5.3 per cent) could become the kingmaker, having indicated that, under certain circumstances, it could pave the way for AfD candidate Ulrich Siegmund to become minister-president.

Results Saxony-Anhalt State Elections 2026



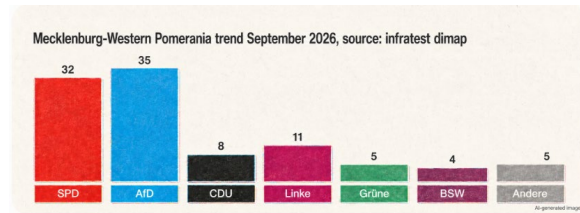
Although the outcome is striking, it is not a surprise. The trajectory has been visible for years.

Saxony-Anhalt, with a population of roughly 2.1 million in the heart of the former East Germany, offers a case study in political tectonics. In the *February 2025 federal election*, the AfD won all eight constituencies in the state. The map below illustrates this regional polarization more vividly than any polling data: across eastern Germany, nearly every constituency turned AfD light blue. Across the West, they remained CDU/CSU black. Two countries on one ballot paper.



MV and Berlin elections: Two further tests for Germany's political landscape

On 20 September, voters in Mecklenburg-Western Pomerania (MV) and Berlin will as well head to the polls in two further key state elections. The AfD is also polling strongly in both states, currently at around 36 per cent in MV and 18 per cent in Berlin, making it a major force in both elections.



Key Questions answered

Is all of Germany currently turning far-right?

No. At the February 2025 federal election, the AfD won 20.8 per cent nationally. Four out of five voters chose other parties. The party's strength remains heavily concentrated in the five eastern states, where it reaches 28 to 35 per cent according to recent polls, compared to 12 to 18 per cent typically seen in western Germany. However, focusing solely on percentages obscures a crucial trend: the AfD is gaining significant ground in the West.

Western Germany's fundamentally different demographics, stronger regional economies and deeper civil society networks mean the AfD is unlikely to secure governing majorities there. **The real strategic risk is systemic friction: by locking up 20 to 30 per cent of the electorate, the party makes stable government formation exceedingly difficult, increasing the risk of regulatory gridlock.**

Eastern states, however, operate under tight fiscal constraints and rely heavily on federal transfers. Constitutional and statutory employment protections prevent rapid purges of the civil service, and mainstream-led states are already preparing administrative 'firewalls' to exclude radical actors from sensitive inter-ministerial coordination.

Who is the AfD, and what would its policies look like when governing a federal state?

Founded in 2013 as a Eurosceptic party opposing eurozone bailouts, the AfD has since

evolved into a nationalist, anti-immigration force. Germany's domestic intelligence agency monitors the AfD as a right-wing extremist organisation, a classification that applies in several federal states and has no equivalent for any other party in the Bundestag.

The party opposes immigration, is sceptical of the EU, rejects Germany's energy transition, and favours closer ties with Russia. Crucially, while it has assumed executive roles at the municipal level, the party has never held government responsibility at the state or federal level.

Should the AfD form a government in Saxony-Anhalt, its stated programme would send a clear signal. The party has pledged to reject the state's share of Germany's national infrastructure fund and to rewrite school curricula to downplay the Nazi era, among other measures. Its programme reads less like a governing plan than like a cultural counter-revolution. In a state with Germany's highest median age and some of its worst poverty, the practical effect would be to accelerate the departure of qualified workers and deter international talent. The likeliest outcome is prolonged dysfunction in a state that cannot afford to stand still.

Why is the AfD so successful? Three factors.

A crisis of confidence. Germany's economy contracted in both 2023 and 2024, a back-to-back decline without precedent in the post-reunification era. Growth since then has been marginal at best. Citizens see their purchasing power eroding, creating an insecurity that directly translates into anti-establishment and protest voting.

Migration. The arrival of asylum seekers and refugees since 2015 remains divisive,

particularly in regions with little prior exposure to diversity. Public services are under visible strain.

The failure of other parties. This is the factor least understood abroad. The AfD does not win due to their local personnel. In many municipalities, it has no grassroots movement at all. Instead, the AfD thrives on the perceived failures of mainstream parties. A lack of sustained political engagement in rural regions has created a representation vacuum. The AfD has not only strategically filled this void but has also come to exercise a form of cultural hegemony across large parts of eastern Germany. Consequently, continuous infighting within Berlin's fragile governing coalition effectively serves as political leverage for the AfD, allowing them to absorb the protest vote without needing to present viable policy solutions.

Why is the AfD so dominant in eastern Germany?

This requires careful contextualization. Its success is by no means an exclusively eastern phenomenon. However, its disproportionate strength in the East stems directly from the aftermath of reunification. Eastern Germany underwent the most radical economic transformation in modern European history after 1990. Industries were shut down within months. Millions lost their jobs. Young, educated people, women in particular, left for the West. Saxony-Anhalt alone saw its population drop from 2.9m to 2.1m.

Former Chancellor Helmut Kohl's famous promise of "blossoming landscapes" continues to ring hollow for many. Wages in eastern Germany remain roughly 20 per cent below western levels, and wealth gaps are even wider. Crucially, 35 years after reunification,

senior positions in politics, business, media and the judiciary are still overwhelmingly held by West Germans. The result is a deep-seated scepticism toward institutions and traditional elites that long predates the AfD, reinforced by a perception that the state overreached during the Covid-19 pandemic while neglecting everyday concerns. The AfD did not create that scepticism. But it channels it with remarkable skill. For many voters, supporting the AfD is less a rational policy endorsement than an expression of cultural anxiety and a perceived loss of agency over societal change.

Will the AfD's success spread across Germany?

Not to the same extent. Western Germany features fundamentally different demographics, stronger regional economies, a deeply rooted civil society, and extensive experience with immigration. The AfD will remain a potent national force, but its ability to secure majorities is currently an eastern phenomenon.

Is Germany just "catching up" with other European countries?

With nationalist-populist parties governing or having co-governed in Italy, the Netherlands, Austria, and the Rassemblement National forming the largest fraction in the French parliament, Germany's AfD results appear to align with a broader European trajectory.

Yet, the comparison only goes so far. Giorgia Meloni leads the Italian government. In the Czech Republic, Andrej Babiš' has been governing in coalition with a far-right party. Geert Wilders' PVV significantly shaped the previous Dutch government. In each case, the far right has been integrated into executive coalitions. In Germany a strict political firewall

remains intact: no established party will form a coalition with the AfD at the federal, state, or municipal level. Moreover, the AfD is monitored by the domestic intelligence agency as a suspected extremist organization, a legal and institutional stigma with no equivalent among its European counterparts.

A second difference lies in the political geography. The economic and demographic scars of the 1990s created conditions no other Western European country has experienced.

Consequently, Germany is not undergoing political normalization. It deals with a challenge that is partly European and partly its own.

What does this mean for foreign workers?

Germany faces a structural shortage of roughly 400,000 skilled workers per year. In response, the federal government has modernized immigration laws and is actively recruiting international talent. However, the social climate in parts of eastern Germany can lead to integration challenges. Germany's legal framework for skilled immigration is among the most progressive in Europe. But law is one thing, local reality another. Outside eastern Germany's university cities, international employees can face a social climate that does not reflect federal policy. Companies hiring for these regions should plan accordingly: housing, schools, language, community access.

What does this mean for investment?

Germany remains a G7 economy with robust institutions and a reliable legal framework. The AfD exerts no direct influence over federal economic policy. However, fragmented state parliaments complicate coalition-building and make majorities in the Federal Council

(Bundesrat) less predictable, translating into potential delays for major regulatory approvals. Investors must also monitor state-level execution: radical regional platforms have signalled a willingness to reject the EUR 500 billion federal infrastructure funds for ideological reasons.

The bigger picture: half a trillion Euros, and still not fast enough

The federal government under Chancellor Friedrich Merz (CDU) took office with a mandate for economic renewal. Eighteen months in, the results are mixed.

While the infrastructure fund was the right strategic signal, deregulation has been incremental rather than sweeping. Planning acceleration largely remains on paper, and the promised tax reform is currently stalled by friction within the CDU/SPD coalition. For voters and businesses alike, this gap between political announcement and administrative execution defines the current government.

Germany's fundamental assets – its industrial base, the *Mittelstand*, its engineering depth, leading research institutions, and its central role in the European single market – remain fully intact. The challenge lies in a governmental apparatus that is struggling to translate its ambitions into administrative speed.

Strategic Outlook: A country between diagnosis and cure

The electoral outcomes are symptoms of a broader condition: a prolonged loss of economic dynamism, institutional sluggishness, and a political disconnect with

citizens who feel left behind. The structural treatment has begun through infrastructure spending and modernized immigration frameworks. But these macro-measures operate with a significant time lag. Consequently, regional elections will continue to produce results that may alarm international audiences. **For businesses, investors and international partners, the correct response is informed engagement: understand the structural dynamics, separate political noise from regulatory signals, maintain a long-term view on a country that has successfully reinvented itself multiple times.** Germany might do so again. But not overnight.

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Contact

Carsten Holtkamp
Director Public & Corporate Affairs
carsten.holtkamp@kreab.com
+49 173 2098869

