

Full Tilt for the Multilateral Trading System

What Germany can and should do in light of loosening US-Chinese economic ties

The conflict between the world's two largest economies, the United States and China, which has been lasting for years now, is impacting on the global economy, and of course also placing a burden on the EU. At the end of the day, trade conflicts, looser international value chains or spirals of tariffs do not help anyone, but are rather harmful to everyone.

The current COVID-19 crisis in particular has shown the world that open markets, reliable rules and a stable European and international policy environment are indispensable in order to prevent unilateral dependencies and make our supply and value chains more resilient. We need fewer, not more, tariffs and a strong, modern multilateral trading system. The Federal Government has continued to work towards this, not least during the German presidency of the Council of the EU. I am convinced that open trade is an important driving force to enable the entire world economy, including that of Europe, to emerge stronger from the crisis. For this purpose, we need a strong, reformed World Trade Organization and modern free trade and investment protection agreements.

Germany and the EU are engaged in a dialogue with both China and the United States – a dialogue for a positive trade agenda. Since the end of the Second World War, the United States has been our closest ally and one that shares our values – in



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political, economic, military and cultural terms. Our economies are closely intertwined. In 2019, the United States accounted for 9 percent of Germany's exports. Germany ranks fifth behind China, Canada, Mexico and Japan among the United States' most important trading partners.

In the last few decades, Germany and Europe have also considerably intensified their economic relations with China. In 2019, the EU was China's number one trading partner, while China was the second-largest trading partner for the EU. Germany accounts for around one-third of the EU's trade with China. For us, the rule of law and

respect for human rights have always formed the basis for good economic relations. The EU-China Comprehensive Agreement on Investment, which the two sides have been negotiating for years, would mark a big step forward. It is our aim to improve access for European investors to the Chinese market and create a level playing field. For this purpose, the policy environment needs to be harmonized for domestic and foreign, and for private and state-owned, enterprises. In the context of Germany's presidency of the Council of the EU, we have been making great efforts to advance the negotiations.

In contrast, the United States has fundamentally reassessed its relationship with China in the last few years. It is the US administration's economic-policy aim to reduce the bilateral trade deficit with China and persuade the country to adjust its economic

policy, which is characterized by state control. I am convinced that, should we witness a further rapid loosening of the economic ties between the United States and China, this would be harmful for both countries as it is competition on common markets that generates innovation, growth and efficiency.

The German Federal Government is therefore pressing hard for a global trading system on the basis of a strong World Trade Organization. With a population of approximately 450 million people and a share of more than 16 percent of global GDP, the EU is a key political and economic player when it comes to actively creating a level playing field. We are using our full weight to ensure that the United States will in the future again, and China will perhaps increasingly, join forces with us in strengthening the multilateral trading system in everyone's interest, and to everyone's benefit. ✂



German respondents:

What would you expect once the COVID-19 crisis is over?



US respondents:

What would you expect once the COVID-19 crisis is over?

