

Germany's partner, competitor and rival

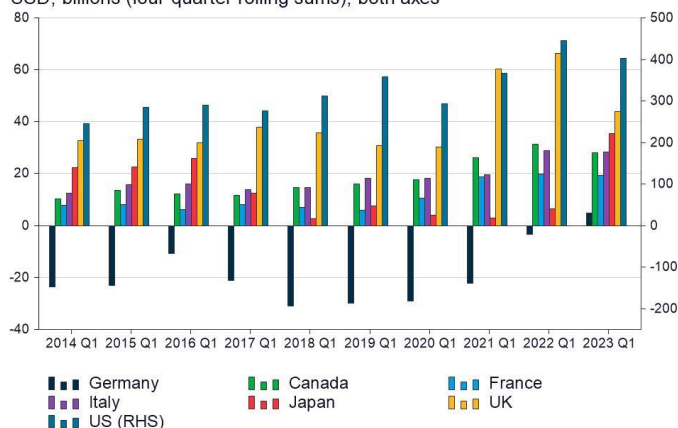
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- Unique among G7 economies, Germany has maintained a trade surplus with China this past decade that has flipped to a deficit of late
- Chinese imports into Germany have increased faster comparatively, with 2021 seeing an acceleration in this trend as Chinese imports from Germany began to fall
- This adjustment comes against a backdrop of growing geopolitical tensions between the two nations, with the German government describing its largest trading counterpart as 'a partner, competitor and systemic rival' in a recent China strategy report¹
- The report called for 'de-risking', as Germany aims to reduce its economic dependency and seek to ensure that economic cooperation with China is 'more reciprocal'
- Germany's belated recognition of its reliance on Russian gas, as well as its fading surplus with China, means that Beijing may be losing a powerful voice against trade interventionism, with China increasingly seen as a rival by its trading partner
- Indeed, there are indications of this already, with EU President Ursula von der Leyen recently announcing an investigation into Chinese subsidies for domestic EV firms; meanwhile, China's car imports from Germany have dropped 22% so far this year

China trade balance with G7

USD, billions (four-quarter rolling sums), both axes



¹ Strategy on China of the Government of the Federal Republic of Germany ([auswaertiges-amt.de](https://www.auswaertiges-amt.de))



Further reading

[Internally China slows, while its reach grows](#)

[The surprising truth about energy transition supply chains](#)

[The unusual shape of China's recovery](#)



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