

Position Paper

**Germany's priorities in the transformative year of 2025:
Revitalizing economic competitiveness and
reinforcing the resilience of the transatlantic partnership**

Transatlantic ideas in the election year of the 21st German Parliament

Preamble

The American Chamber of Commerce in Germany (AmCham Germany) is the voice of transatlantic business – an association of large, medium-sized and small companies and individuals based in Germany, Europe and the United States who are active in the transatlantic economic area and foster transatlantic relationships. Companies involved in transatlantic business employ about 1.6 million people in both economic areas.

AmCham Germany advocates for transparent dialogue and is committed to transatlantic values. Central aspects of this are freedom, human rights, democracy, the rule of law, free trade and competition.

As defined in its bylaws, the Chamber's mission is to promote global trade and economic relationships that are based on the strong foundation of the American-German partnership. This partnership is built on long-standing social, cultural and economic interdependencies and the common interests of our two countries. For this purpose, AmCham Germany supports intercultural understanding, international collaboration and new investments in free trade and in a competitive and open economic environment in Germany.

The values and interests of AmCham Germany and its member companies are impacted, both directly and indirectly, when a surging wave of populist and, in part, extremist stakeholders in Germany challenge the values and objectives anchored in the bylaws of AmCham Germany. Calls for Germany to withdraw from the EU, the union's common currency and its single market or to limit the immigration of foreign skilled workers do not reflect the interests of German companies involved in transatlantic business.

The principles of AmCham Germany form the framework for such economic policy activities as this position paper, which has been issued in the lead-up to Germany's early election this year and is addressed to the political decisionmakers who will serve in the 21st German Parliament and in the country's next government.

In this parliamentary election year of 2025, the Federal Republic of Germany and its economy are facing the biggest challenges ever in the country's history

The end of Germany's three-party coalition on November 6, 2024, was a historic event. The results of the early parliamentary election that will be held on February 23, 2025, will be historic as well. The transformative situation in which the Federal Republic of Germany currently finds itself will be shaped well beyond the election of the 21st German Parliament by a wide range of geopolitical processes and results. No one can predict for certain their magnitude, momentum and reciprocal impact. The highest-impact factors for Germany include:

- the strategic objectives and activities of the new U.S. administration in practically all political issues,
- the work of the EU Parliament elected in 2024 and the new EU Commission as well as the ability of EU member countries to maintain the unity and competitiveness of the EU and, ideally, strengthen them,
- the latest domestic political developments in such important partner countries as France, Great Britain, Canada, Austria and Poland,
- the fate of Ukraine as it fights its nearly 3-year-old war of self-defense against Russia and the country's effective support by free democracies,
- the reaction of the People's Republic of China to all of these developments.

In a position paper issued last June titled [RESTART to Improve Germany's Competitiveness. Economic policy ideas for boldness, growth, and prosperity in the context of the transatlantic partnership](#), the American Chamber of Commerce in Germany made one clear point: To quickly and significantly improve the country's international competitiveness, Germany can and must take the highest-impact, most far-reaching and most efficient steps by itself. The same can be said of the EU's competitiveness both domestically and internationally. The pressure of this need has continued to mount since then.

In light of the election results in the European Union and the United States last year and the German parliamentary elections this year, the transatlantic partnership will be put to the test over and over again. Shared values and objectives bind the partner countries together while the focus on internal challenges is impacted by the assertion of external interests.

In the process, proven market-economic mechanisms and the international communities in business, research, society, etc. are increasingly being shaped by political fields that extend beyond economic policy and are even partially restricted. The transatlantic partnership could suffer if this trend grows. Economic and trade policy based on common values and interests must be the objective of all partners – not simply because of their enormous importance to high standards of living, jobs and the improvement of all. In the process, it may be necessary for partner countries to increasingly accept that common values and objectives can be achieved by taking diverse approaches. No one can simply dismiss the economic-cultural differences of partners, and no one should ignore them.

The effectiveness and efficiency of government action are also being scrutinized in countries with a liberal democratic order. The Federal Republic of Germany is no exception. All democratic parties must place the long-term capacity of democratic structures to act above their short-term political gains in order to stabilize the foundation of these structures and successfully reinforce them.

Revitalizing the competitiveness of Germany and the EU

Above all, Germany and the EU must strengthen their competitiveness in order to maintain and regain their relevance and clout in geopolitical matters and international conflicts of interest – in addition to the unity of the European Union. The [call for an economic policy RESTART that AmCham Germany issued in its position paper in June 2024](#) is more urgent than ever.

For years now, structural reforms have been called for in many areas of society. But the progress made is not satisfactory, neither in its magnitude nor its speed. Delays and omissions are frequently connected to the time-consuming process involved in political and administrative-related decision-making. Bureaucracy must be downsized in a process whose progress must be seen and measured across the social and economic spectrum. Such steps could include the massive reduction of requirements contained in the Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz) and the EU's sustainability reporting requirements, the emphatic modernization of administrative structures and the rapid recognition of qualifications and educational degrees of foreign skilled workers.

Germany's competitiveness is heavily influenced by the country's energy supplies, the prices for which are a long way from being internationally competitive on a broad technological basis. To reverse the de-industrialization process that has begun in Germany, usage costs for electricity and natural gas must quickly be brought down to competitively relevant levels. To bolster the industrial base of Germany's high standards of living and ensure secure, clean and affordable supplies of energy, it is imperative for the country to exhaust the entire potential of short-, medium- and long-range cost reductions.

The strategic importance of standards and norms is playing a greater and greater role in global systematic issues. To strengthen its competitiveness, Germany must increase the number of innovations that will set the standards of the future. In this process, the catalytic effect of transatlantic collaboration must be used much more than before. This could effectively support reforms of Germany's tax system as well: Taxes should be geared toward international competition and measured by whether they promote innovation and investments or not. Germany's tax-collecting bureaucracy should be significantly reduced not just in these terms.

The export nation of Germany should continue to promote an open, rules-based multilateral system of trade, and the EU must significantly accelerate the conclusion and implementation of trade agreements: The completion of negotiations on the MERCOSUR agreement does indeed represent a breakthrough, but the document's ratification has not yet been completed. Trade barriers that distort international competition hurt the commercial interests of Germany and other EU members. Another or an even more forceful rejection of trade-facilitating measures would impact all countries and their growth, high standards of living and security. A balance between trade-policy openness and economic security should be the focal point of future agreements – among transatlantic partners and beyond.

Strengthening the resilience of the transatlantic partnership – in a time-tested alliance based on common values, shared objectives and mutual respect

Germany's competitiveness is bolstered by alliances based on common values, democracy, freedom, the rule of law and a market economy. The transatlantic partnership exemplifies this in many ways. Countries allied in such a way must prioritize their mutual interests, particularly when confronted by today's geopolitical complexity.

Ongoing understanding of joint interests is one of the huge challenges that the transatlantic partnership faces at the moment. Balancing the common interests between the partners with national interests in a respectful, resilient and sustainable manner is an even greater challenge. This will impact transatlantic collaboration in all political areas in future months and years.

The task facing all partners today is in their very own interest: They must jointly tap the tremendous and unique global potential of transatlantic relationships and then fully exploit it, particularly in terms of commercial and trade relationships that are so vital to high standards of living and jobs. Joint success in this effort is geopolitically essential and will pay off in political, economic and security-policy terms for all partners. The primary commercial-policy goals for the next few years should include the following: reaching an agreement between the EU and the United States on a trustful and stable agenda; putting the efficiency of transatlantic commercial relationships on equal footing with security interests; finally settling years-long disputes on aluminum, airplanes and steel, among other issues; and collaboratively coordinating industrial policy in the EU, including in terms of dealings with China.

Security-policy collaboration and the strengthening of NATO remain central elements of the transatlantic partnership. This has never been more true. For good reason: Freedom and democracy in Germany and Europe have never faced a graver threat since the end of World War II. These two pillars must now be further reinforced by systematically continuing to carry out the security-policy transformation process in Germany and by optimizing burden-sharing in the military alliance as well as supporting Ukraine as it battles the invading forces of Putin's Russia. To achieve these goals, Germany must significantly and permanently raise its effective defense spending above 2 percent of its gross domestic product.

Even if the transatlantic partners cooperate more closely on defense and security policy, a German democracy capable of defending itself from outside threats needs increased industrial resilience and a more effective modernization of its infrastructure than in decades gone by. This includes digital and physical robustness as well as protection of supply chains for energy, transportation, telecommunications, research and important industrial production capacities, particularly in aviation, aerospace and defense. These areas should be the top priorities of investments in Germany's industrial revitalization.

A permanent platform for long-range, high-level interaction would strengthen a constructive, consistent and collaborative discussion of critical political issues and work areas in the transatlantic partnership. Digital policies would remain one of the core issues. The EU and the United States should work on the highest level to create a joint data protection framework. This mechanism is essential in order to strengthen the transatlantic partners' data flows, trade and economic growth.

In recent years, the rapid and closely timed introduction of almost 100 new technology-oriented EU laws has also made it difficult to assess their impact and implications. The Member States of the European Union are struggling to keep pace with transposition into national law. It is crucial to recognize the potential consequences of a high regulatory burden and ensure that this does not hinder entrepreneurial ventures, digital investments and the overall competitiveness of the

EU. In order to improve Germany's competitiveness, the availability of advanced technologies – also from the U.S. – should be increased. In terms of economic, industrial and technology policy, there must be no equidistance with regard to the United States and China. German companies have been strong at an international level in partnerships with American companies and through their own presence in America for decades.

The future of the Trade and Technology Council (TTC) is uncertain. A comparable high-ranking body should build on the positive results of the TTC, tap optimization potential and more actively work to produce concrete results, particularly in transatlantic trade. More effective channels for transparent interaction with the business community would usefully support the achievement of joint priorities.

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About the American Chamber of Commerce in Germany e.V. (AmCham Germany)

Founded 122 years ago, AmCham Germany is the oldest and largest trade association in Germany and represents the interests of U.S., German and multinational member companies of all industries and sizes. As a representative of the transatlantic economy, AmCham Germany advocates for free and rules-based trade as well as a competitive and innovation-friendly business climate.

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