DIHK Position on Transatlantic Trade Policy

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DIHK Berlin
Postal address: D-10178 Berlin | House address: Breite Strasse 29 | Berlin-Mitte
Phone: 030 20308-0 | Telefax: 030 20308-1000

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Editors
Melanie Vogelbach, Paul Meyer, Klemens Kober, DIHK

Graphic Design
Friedemann Encke, DIHK

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The United States is Germany's largest export market with a combined trade volume of 250 billion euros. Around ten percent of our exports go to the United States. At the same time, the German economy is a key partner for the US: over 6,000 German companies create almost one million jobs in the United States and have built up investments totaling around 530 billion euros. This makes Germany the third largest foreign direct investor in the US. The United States is the most important target country for German foreign direct investment outside the EU.

The new US trade policy poses major challenges to the foundations of these economic relations, which have grown over decades, and jeopardizes the global trading order. The high tariff trade policy is incompatible with the rules and commitments agreed upon in the World Trade Organization. In addition, there are numerous other trade restrictions that companies were already confronted with before 2025. The EU currently lists 24 official trade barriers due to US regulations.[1]

As a result, doing business in the US is becoming increasingly complex for German companies. For almost three quarters of companies, trade policy is currently the biggest challenge in US business.[2] This high tariff trade policy is likely to remain in place for the foreseeable future and is a major challenge for the internationally highly interconnected German economy. The legal uncertainties place a considerable burden on long-term trade and investment planning and jeopardize strategic corporate decisions. Europe must stand firm and united against the use of coercive economic measures which attempt to influence decision making in the EU and its Member States. The EU should all the more work towards reliable framework conditions for our companies.

To strengthen transatlantic economic relations, the German federal government and the EU should pursue the following goals:

1. **Reducing tariffs while keeping Europe united**
2. **Predictability instead of tariff chaos**
3. **Removing trade barriers**
4. **Preserving regulatory sovereignty**
5. **Strengthening digital autonomy**
6. **Making supply chain regulations practicable**
7. **Balanced transatlantic economic security**
8. **Advancing global alliances**
9. **Crisis-proof energy cooperation**
10. **A Positive agenda: Promoting opportunities for cooperation**

In detail:

1. Reducing tariffs while keeping Europe united

The EU-US deal of August 21st, 2025 is asymmetrical and falls short of the expectations of the German economy. Nevertheless, the EU should implement it, as the alternative would entail considerable economic risks in the form of escalated US tariffs. All outstanding issues must now be clarified as quickly as possible in the forthcoming negotiations and better trading conditions must be achieved for the EU and therefore for the German economy.

It is particularly urgent to reduce the protectionist sectoral tariffs on steel and aluminum imports as well as on copper – at minimum through a quota system. A tariff ceiling of 15% should also apply to all steel and aluminum derivative products. Furthermore, the EU Commission must advocate the expansion of the list of products for which only the most-favored-nation tariffs applicable until 2024 should apply on both sides.

The European Commission must be prepared to defend its economic interests more strongly and negotiate more robustly where necessary – in the event of further escalations, should it be necessary with measures such as counter tariffs or the use of the EU's Anti Coercion Instrument (ACI). The German government must clearly back the European Commission in the negotiations in order to strengthen Europe's negotiation position.

The US's unilateral tariff increases are contrary to WTO rules. In the medium term, their removal must remain the goal of the EU and the German government. At the same time, a WTO-compliant solution must be found for the unilateral EU tariff reductions that does not weaken Europe as a production location. In the event of major competitive disadvantages due to shifts in tariff levels, special measures to safeguard competitiveness must be considered. In addition, the Commission must be prepared to withdraw its tariff reductions quickly should the US break its word. The business community must be closely involved in these processes.

2. Predictability instead of tariff chaos

It was advisable for the EU to avoid a further escalation of the US high tariff policy with the joint agreement of August 21st, 2025. Nevertheless, this agreement only creates limited planning certainty. Long-term, resilient and predictable framework conditions in transatlantic trade form the foundation of successful trade and investment relations. This is particularly true between the German and US economies. The German government and the European Commission must continue to work resolutely to achieve this. Binding and transparent processes should be established to help prevent further protectionist steps.

This also includes clarity in customs procedures. The European Commission should work to ensure that customs authorities recognize foreign non-preferential certificates of origin for determining origin – in Germany, this would be the Chamber of Industry and Commerce (IHK) certificate of origin. The recognition of certificates issued in the exporting country is important here in order to create an international level playing field. The German government and the European Commission must continue to push for the US customs authorities to publish binding, uniformly formulated and, above all, practicable regulations. There is particular urgency in the area of steel and aluminum derivatives, as it is often not possible to simply allocate the value or quantity of the input materials due to the complex processing of the products.

3. Removing trade barriers

In addition to tariffs, the EU and the US should, where possible, also reduce other trade barriers in transatlantic trade.

Non-tariff trade barriers in transatlantic trade result from differences, for example in technical product requirements, regulations and labeling systems. Regulatory cooperation can save considerable costs in transatlantic trade. In addition, common rules can set global standards and generate competitive advantages in third markets. In some areas, regulations and regulatory structures on both sides are so different that mutual recognition is not possible and can lead to disadvantages for the EU. However, in many sectors such as automotive, mechanical engineering or electrical engineering, there is a great deal of potential for cooperation with regard to the regulation of future technologies.

This cooperation must be based on recognized international standards such as ISO and IEC. Conformity assessment and approval procedures must also be based on these standards. The principles of good regulatory practice, in particular transparency and participation, are indispensable. At the same time, regulatory cooperation must not lead to a lowering of protection standards and the regulatory autonomy of the EU must be preserved.

Mutual market liberalization in the services sector would also be of great importance for German companies. For example, US regulations such as the Jones Act, Foreign Dredging Act, Federal Aviation Act and the US Air Cabotage Law have so far restricted the ability of German companies to offer their services in the US.[3]

In order to shorten lengthy approval processes for companies in the US, the German government must push to ensure that Germany is classified as an „Excepted Foreign State" by the Committee on Foreign Investment in the United States (CFIUS). Such a classification would enable significantly accelerated and legally secure procedures for US investments. In addition, unrestricted access and transparency in the context of public procurement procedures in the US (Buy American) plays an important role for European companies. The remaining US states of Alabama, Alaska, Georgia, Indiana, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, South Carolina, Virginia and West Virginia must be encouraged to join the WTO Government Procurement Agreement (GPA).

4. Preserving regulatory sovereignty

The regulatory sovereignty of the EU and its member states must be recognized as self-evident by all sides. However, jointly desired rules are negotiable. A united and determined European stance must be central to this process. However, if the US adopts unilateral measures that violate the principle of sovereignty under international law, the EU should defend its interests, including as a last resort through the instrument against economic coercion (ACI).

Regulatory sovereignty means regulating only one's own economic area. The EU and the US should generally refrain from measures with extraterritorial effect. The Digital Services Act (DSA) and the Digital Markets Act (DMA) should also be aimed solely at ensuring fair competitive conditions and contestable markets in the EU single market. These principles apply not least to the exchange of data, which must be able to take place in a legally secure manner.

5. Strengthening digital autonomy

Europe's digital autonomy must also be given greater consideration in view of the coercive economic measures taken by the US. The German government and the EU should analyze critical dependencies in the digital economy and try to reduce them. The aim must be to build a competitive European digital economy and thus strengthen the domestic economy. The current dependence of European companies on non-European technology providers poses a strategic and security policy risk. In view of the geopolitical situation, trust in US digital products is also currently dwindling – German companies are looking for alternatives.

The EU can only strengthen its digital autonomy if it specifically promotes open, interoperable standards and invests in its own digital infrastructure, key technologies and specialists. This requires powerful cloud solutions, secure data rooms and European alternatives to US and Chinese tech companies. At the same time, bureaucratic hurdles must be removed and innovation-friendly framework conditions created, especially for start-ups and SMEs. A modern, digitally positioned administration and an education policy that systematically promotes digital skills are also key prerequisites for greater digital independence.

6. Making supply chain regulations practicable

Close international cooperation is needed on supply chain regulations, for example on forced labor, deforestation, critical raw materials and decarbonization, in order to simplify trade and investment. With regard to carbon pricing, the EU should advocate for the US to join the Climate Club in the medium term and for an expansion of US carbon pricing so that carbon border adjustment mechanisms in transatlantic trade become unnecessary. The EU and the US should agree on binding processes for due diligence requirements wherever possible. International harmonization of these standards and the mutual recognition of certificates and test certificates would reduce bureaucracy, increase predictability and prevent companies from being disproportionately burdened by parallel testing procedures.

The EU's current de-bureaucratization agenda with regard to the EU Deforestation Regulation (EUDR), the Carbon Border Adjustment Mechanism (CBAM), the Corporate Sustainability Due Diligence Directive (CSDDD) and the Corporate Sustainability Reporting Directive (CSRD) simplify processes and help to reduce bureaucracy – and can therefore also contribute to better transatlantic trade. The German government should advocate ambitious bureaucracy reduction targets in the interests of the German economy. At the same time, the US cannot be given special preferences. Sensible exceptions, for example through zero-risk categories, must not only apply to transatlantic trade, but must apply to all authorized trading partners.

7. Balanced transatlantic economic security

As part of the joint statement of August 21st, 2025, the US and the EU agreed to intensify cooperation in the area of economic security. The EU should make targeted use of this cooperation to increase planning security for companies through harmonized export standards, coordinated risk analyses, resilient supply chains and clear rules in security-relevant areas. Close cooperation is particularly important where there are common interests and challenges, for example in reducing strategic dependencies and limiting distortions of competition, especially when dealing with critical raw materials from third countries.

The small-yard-high-fence principle should serve as a guiding principle here. The scope of protection should be defined in partnership and on an equal footing, with a clearly recognizable European signature, geared towards European competitiveness and Europe's core strategic interests.

This applies in particular to export controls and the discussion about possible outbound investment screening (OIS), which is largely rejected in principle by German industry. Export controls must be clear, coherent and practicable. Greater harmonization could ease the burden on companies, provided that European location conditions and interests are safeguarded and one-sided disadvantages for EU companies are avoided. The extraterritorial application of US sanctions („secondary sanctions") and US (re-)export control law, which creates considerable legal uncertainty for European companies, is particularly critical. The EU should oppose the further expansion of extraterritorial regulations. It is essential for the EU to adopt an independent position in the area of economic security that is consistently geared towards European interests, proportionality and location compatibility.

8. Advancing global alliances

The German government and the EU must intensify their alliance with important partner countries. Only together with countries such as Japan, Canada and South Korea can targeted pressure be built up in negotiations with the US and a less asymmetrical balance of power established.

In addition, a grand coalition for free trade is needed, which the EU should lead together with the Trans-Pacific Partnership (CPTPP), for example – with the aim of strengthening multilateral rules. A standstill agreement in which the participating countries commit to continuing to apply WTO law and principles – such as most-favored nation treatment and the national principle as well as the agreed tariff levels – would give companies important planning security. An agreement to refrain from export restrictions and coercive economic measures would also be important here. The WTO is indispensable as a cornerstone of German foreign trade, for example through its provisions on limiting tariffs, its principles on most-favored-nation treatment and non-discrimination, global protection of intellectual property and dispute settlement.

In addition, the EU should turbo-charge trade agreements with relevant countries and regions. The agreements with Mercosur, Mexico, Indonesia and Switzerland must be ratified as quickly as possible. Negotiations with India, Thailand, Malaysia, the Philippines, the United Kingdom and the United Arab Emirates should be concluded quickly. Trade relations with Africa and Central Asia should also be strengthened. Quality must take precedence over speed. Instead of narrow agreements, ambitious agreements are needed that comprehensively expand market access, prohibit export restrictions and secure investments in the long term. Tailor-made agreements should also be negotiated with other countries, particularly in the raw materials and digital sectors, in order to secure our supply chains.

Strengthening the European single market, for example through a comprehensive reduction in bureaucracy and targeted strategic investments is crucial for better cards at the negotiating table. From the perspective of the German economy, it is now more important than ever to dismantle trade barriers within Europe in order to fully exploit the potential of the European Single Market.

9. Crisis-proof energy cooperation

Both the EU and Germany have signed an energy partnership with the US in order to strengthen European security of supply and to achieve joint climate targets. The task now is to flesh out these partnerships and establish long-term supply chains, particularly with a view to the goal of climate neutrality by 2045 or 2050.

It remains crucial that energy imports take place at competitive prices – in the short to medium term this applies to LNG, and in the medium to long term to hydrogen imports. One-sided dependencies for Germany and Europe must be avoided at all costs. Energy deals between the US and the EU should therefore always be geared towards diversification, fair prices, transparent regulations on climate compatibility and long-term partnerships. The German government and the EU Commission are called upon to consistently represent and implement these guidelines.

The strict criteria set out in the EU Delegated Acts are currently jeopardizing the development of stable hydrogen supply chains. In particular, the requirements for additionality from 2028 and for hourly temporal correlation from 2030 pose a significant threat to imports of green and low-carbon hydrogen. A pragmatic adjustment and practical relaxation of these requirements would not only strengthen European security of supply but would also deepen long-term transatlantic cooperation and ensure the competitiveness of European industry in the global transformation race.

10. A Positive agenda: Promoting opportunities for cooperation

German companies make a significant contribution to economic development in the United States. Their involvement strengthens the local and regional economy, particularly through investment in manufacturing and research and development. They create secure, well-paid jobs and promote local innovation.

A sustainable industrial base – including in the US – needs qualified specialists. German companies contribute their experience from the dual vocational training system and can thus help to train the next generation and secure a skilled workforce.

The contribution of German companies to the reindustrialization of the United States should be made visible and acknowledged in the transatlantic dialogue at all levels.

As part of the joint statement of August 21, 2025, the EU has pledged additional investments in the US. Reliable framework conditions, in particular legal certainty, are essential for investing companies. In the area of security and defense policy, there is also scope for closer cooperation in trade and investment that should be explored. To this end, the German government must intensify political cooperation not only with the US government, but also at the level of the US states.

With over 2,500 members and offices in Atlanta, Chicago, New York, San Francisco and Washington, the network of German Chambers of Commerce Abroad in the US (GACCs) offers an important platform for transatlantic dialog. Through a variety of services, from business initiation to personnel development, the GACCs play a key role in building German-American business relationships. The German government should actively involve the GACCs in the political representation of business interests – also at state level. The network of chambers of industry and commerce in Germany and abroad builds important bridges between decision-makers in politics and administration and the entrepreneurial reality.

Transatlantic economic relations

Key barriers in the US market for German companies:

- US import duties ranging from at least 15% and up to 200%
- Further tariffs of varying levels are planned on semiconductors, pharmaceuticals and active pharmaceutical ingredients, processed critical minerals, aircraft and jet engines, polysilicon and its derivatives, unmanned aerial systems (UAS), wind turbines, robotics and industrial machinery, personal protective equipment, medical consumables, and medical devices.
- Complex customs procedures
- Access to public procurement procedures: Buy America
- Restrictions on maritime services (Jones Act)
- De minimis abolition
- Restrictions in the aviation sector
- Visa requirements
- Localization requirements in USMCA

Trade and investment

Transatlantic economic relations are of great importance for both sides, for Germany as well as for the US. Last year, the US was Germany's most important trading partner worldwide, with a trade volume in goods of 253 billion euros. Germany is the fourth most important trading partner for the US.

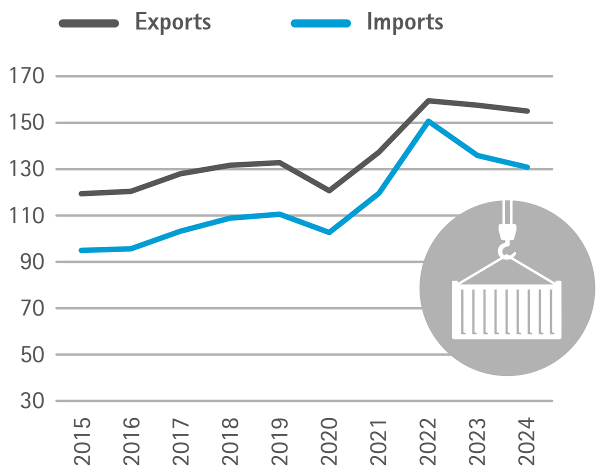
This year, trade relations are under pressure. Compared to the previous year, German exports to the US fell by 3.9% in the first half of this year. Nevertheless, the US remains Germany's most important export market worldwide.

Around seven percent of German goods imports come from the US, making the United States the third most important supplier country. In the exchange of services, the US is at the top of the list of German service exports and imports. Conversely, Germany ranks second for the US in terms of trade in services.

At the same time, Germany invests more than 500 billion euros in the US, around five times as much as vice versa. This is strikingly high for Germany as a much smaller economy than the US. More than 6,000 German companies in the US create around one million jobs there and thus contribute to more production in the US. Over 35 percent of these jobs are in the manufacturing sector.

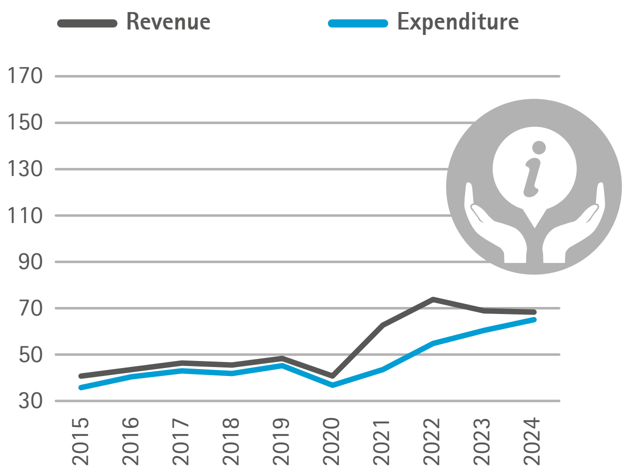
Trade in goods DE – US

In billion euros

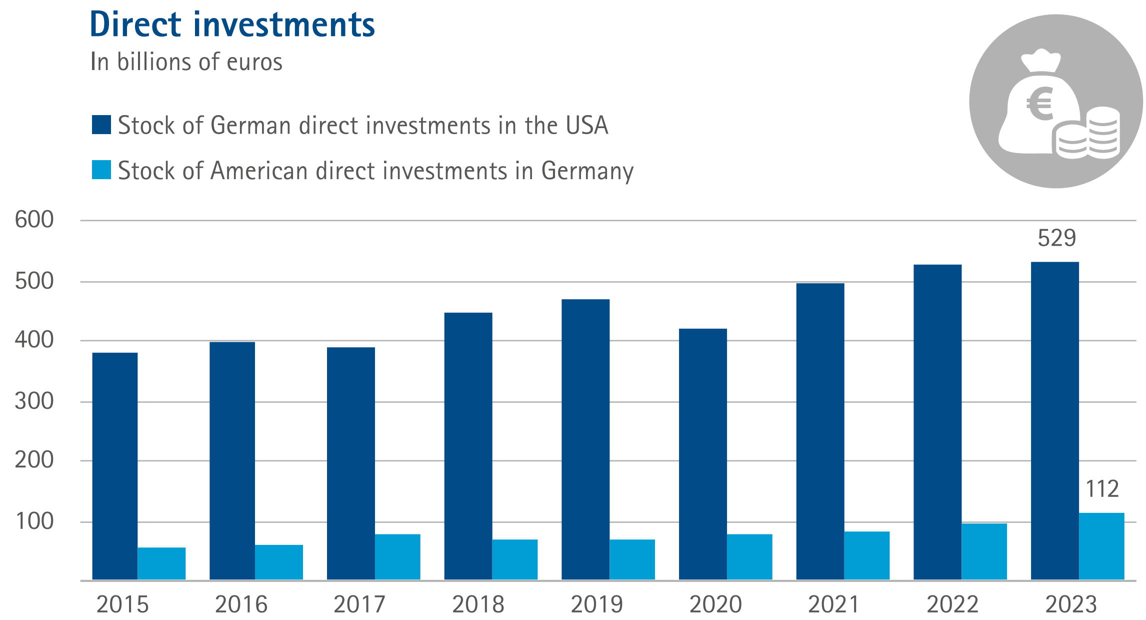


Trade in services DE – US

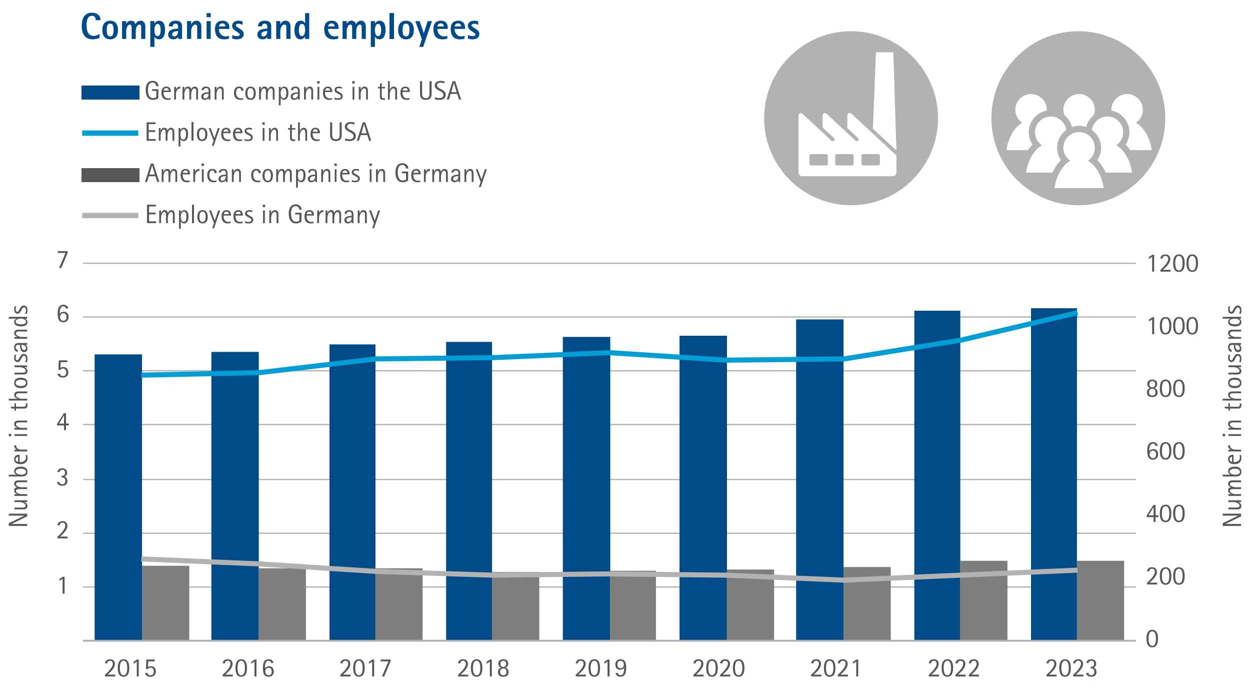
In Mrd. Euro



(Data source: DeStatis) (Data source: Bundesbank)



(Data source: Bundesbank)



(Data source: Bundesbank)

[1] https://trade.ec.europa.eu/access-to-markets/en/barriers/results?isSps=false&countries=US

[2] DIHK flash survey USA

[3] The Jones Act prohibits foreign ships from transporting goods between US ports, the Foreign Dredging Act prohib-its foreign companies from dredging US waters, the Federal Aviation Act and the Air Cabotage Law prevent for-eign airlines from offering domestic flights within the USA.