



Business Recommendations on China De-Risking

Dos and Don'ts

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Dos and Don'ts

As Germany's most important trading partner, China is of central importance to the German economy. At the same time, China pursues a strategically oriented industrial and trade policy that has contributed to considerable interdependencies, but also to dependencies of Germany and the EU on critical raw materials, intermediate products and future technologies. For some products, more than half of German imports come from Chinese suppliers. The total import volume of these goods amounts to €68.1 billion – a quarter of German-Chinese trade. The growing competitive pressure from Chinese companies is also increasingly challenging Europe as an industrial and business location. According to a DIHK survey, two thirds of companies are feeling this growing competitive pressure.¹ 55 per cent of the companies surveyed agree or tend to agree with stronger trade policy measures towards China, even if their own business would be negatively affected. At the same time, German business accepts fair competition and is adapting its business models accordingly.

The EU and Germany should reduce strategic risks in a targeted manner, strengthen their own competitiveness and technological leadership once again, advance trade partnerships worldwide and ensure economic cooperation with China to mutual benefit. Dependencies and economic interdependencies must be assessed according to the relevant business context. Questions of national security must be clearly separated from questions of competition. Business should be closely involved at an early stage in all related measures. From the perspective of German business, the following guidelines are crucial:

Dos

1 Advance a trade agenda for supply chain diversification:

The EU should conclude SME-friendly and unbureaucratic trade, investment, raw materials, digital and economic security agreements with further third countries in order to open up new markets for companies and secure them in the long term. Particular attention must be paid to the EU's neighbourhood. The New Zealand–Singapore supply chain agreement AOTES could also serve as a model for corresponding EU–CPTPP cooperation. Overall, the global trade rules of the World Trade Organization should be preserved and reformed as far as possible.

2 Make diversification easier to finance:

Changing supply chains does not come free of charge. Economic security policy decisions by the EU and the Germany must not place an additional burden on companies. Funding and guarantee instruments should be technology-neutral and designed without new bureaucratic effort. The thresholds for the foreign value-added share under export credit guarantees need to be made more flexible. The aim should be to give more companies greater financial leeway when diversifying their supply chains.

3 Small yard, high fence:

49 per cent of German companies call for Chinese companies to be kept out of critical infrastructure projects. The infrastructure and technology areas classified as critical should be defined narrowly and

¹ <https://www.dihk.de/de/newsroom/deutsche-wirtschaft-im-wettbewerb-mit-china--185862>

transparently. The decisive factor must be the specific security risk. The classifications need to be reviewed regularly. Export control concerns, for example regarding dual-use goods, should be addressed through clear, transparent and reliable legal requirements – not through lengthy and unpredictable licensing procedures. Exporters need appropriate planning certainty for business decisions. Such an approach does not provide exporters with sufficient planning certainty and makes reliable business decisions more difficult.

4 Strengthen trade defence:

German business accepts competition from China. However, this competition must be fair. Unfair trade practices require trade defence instruments that are coordinated with business as a whole, as well as action against their circumvention. The aim should be supply-chain-based safeguards that take the entire value chain into account and target only those trading partners that cause trade distortions. Before trade defence measures are introduced, their impact on upstream and downstream sectors must be assessed. As a matter of principle, the application of the existing instruments should be improved, made more coherent and accelerated rather than introducing new protectionist instruments.

5 Strengthen market surveillance:

The same rules must apply to all suppliers in the EU Single Market. Customs and market surveillance authorities should enforce compliance with applicable product and safety requirements effectively, on a risk basis and digitally – including for direct imports and online retail.

6 Global raw materials cooperation on an equal footing:

Frameworks for resilient supply chains should be agreed, particularly within the G7 and the OECD, but also with other relevant trading partners. The EU raw materials strategy and raw materials funds should be backed by targeted, practicable projects.

7 Strengthen the European circular economy:

A competitive circular economy is an essential building block for the EU's supply of raw materials. In its discussion paper on the planned Circular Economy Act, the DIHK has set out ten guiding principles for a competitive circular economy in Europe.² In addition, investment in research and development is needed to reduce existing dependencies through product innovation.

8 Align trade and development policy:

Global Gateway should be more strategically focused and implemented in a more SME-friendly way so that trading partners around the world forge closer ties with the EU. European companies in particular should benefit from European funding.

9 Strategic indispensability:

Targeted investment in research and development (e.g. through IPCEIs) and in high-tech ecosystems can help Europe achieve technological leadership in strategic areas in which European firms are globally competitive. A strong position can be a decisive factor in protecting against economic coercion by third countries.

² <https://www.dihk.de/resource/blob/163404/d7b9b877918ca0e3f7a4f8d1c38b7455/nachhaltigkeit-dihk-impuls-circulareconomyact-data.pdf>

10 Enable China+X diversification:

For many companies, the guiding principle in diversifying their supply chains is not withdrawal from China. Rather, building up additional production sites as well as procurement and sales markets, especially in Southeast Asia, follows the logic of smart risk management. These efforts should be supported and promoted with low-bureaucracy instruments.

Don'ts

1 Decoupling from China:

Not every dependency is strategic. When assessing strategic dependencies, the economic importance of the goods, supply risks, their substitutability and alternative sources of supply should be taken into account in particular. Consequently, in non-critical areas the state should also refrain from intervening in supply chains, for example by delaying export licences or visas.

2 Politicising supply chain diversification:

Numerous other third countries also depend on the EU in various areas. However, this should not be instrumentalised, as the EU would otherwise lose trust as a reliable trading partner. There is a risk that even greater politicisation could increasingly expose European companies to economic coercion by third countries. To ensure that the EU continues to be regarded as a reliable trading partner, the EU's Industrial Accelerator Act should not breach trade agreements.

3 New supply chain bureaucracy:

Instead of burdening companies with a multitude of notification and reporting obligations, authorities should use data that is already available from customs, statistical or licensing procedures and can be used automatically. The planned new EU diversification instrument should work primarily with incentives rather than burdens on companies such as reporting obligations and customs costs. As a matter of principle, the state should focus on securing good framework conditions for corporate diversification. In the past, additional bureaucracy has in some cases contributed to companies streamlining their supply chains in order to keep better track of them.

4 Making outward investment subject to approval:

Outbound investment screening would burden companies with considerable legal uncertainty and bureaucratic costs. Instead, existing instruments such as export control and sanctions regimes should be used.

5 State price setting and stockpiling:

Instead of price floors or joint state stockpiling beyond the security and defence sector, raw materials partnerships with concrete projects should be supported politically and financially in close cooperation with business. Particular attention should also be paid to building processing facilities. In addition, further supporting measures that help build up private-sector stockpiles or purchasing consortia should be examined and pushed forward.

6 Solidarity fund for coercive measures:

European solidarity in the face of economic coercion by third countries is highly relevant. However, a blanket compensation fund can create false incentives and should not replace companies' own risk provisioning.

7 Breaking off research cooperation:

In view of China's major technological advances, European companies' access to Chinese innovation networks in areas that are not security-critical should not be cut off, so that they are not left behind at the forefront of economic innovation.

8 Shifting strategic dependencies:

Reducing strategic dependencies on China should not lead to new strategic dependencies on other trading partners. The aim should therefore be the broadest possible, interest-driven global coalitions.

Supply chain diversification and the reduction of strategic dependencies are crucial for the economic security of Germany and Europe. At a time of growing geopolitical challenges, such a resilience policy should be pursued vigorously. What matters is that policymakers keep the realities of business in view and set concrete, achievable goals. To diversify and become more resilient, businesses need support, not further burdens. The German chamber network will contribute practical proposals to these debates.

Background

According to a [DIHK survey](#) in September 2026, 67 per cent of the companies surveyed call for the EU to present a united front towards China. 60 per cent believe that the EU should reduce strategic dependencies. 49 per cent would like Chinese companies to be excluded from critical infrastructure. According to a recent [business confidence survey](#) by AHK China, almost half of the German companies surveyed say they have already taken measures to mitigate risks related to their China business. The main reason given is geo-political tension (77 per cent), followed by China's sluggish economic development (36 per cent). As a rule, large corporations find this easier than small and medium-sized enterprises. Most companies relocating activities to other countries opt for Asia. India, Japan, South Korea, Thailand, Singapore and Vietnam in particular are coming into focus. The AHK network in South and East Asia provides advice through Diversification Desks and supports German companies across borders in a tailored and comprehensive manner.

German-Chinese trade in goods 2025

	2025 EUR bn	2025 Rank	2025 Change on pre- vious year, %	Jan–Jul 26 vs Jan–Jul 25, %
German exports to China	81.2	6	-9.7	-12.4
German imports from China	171.2	1	9.2	8.4
Trade volume	252.5	1	2.3	1.5

Source: Destatis, July 2026

German direct investment in China

(change on previous year, per cent)

	2020	2021	2022	2023	2024
Direct investment stock (EUR m)	100,609 (2.6)	115,759 (15.1)	135,169 (16.8)	125,866 (-6.9)	121,974 (-3.1)
Number of companies	2,447 (1.7)	2,477 (1.2)	2,602 (5.0)	2,598 (-0.2)	2,564 (-1.3)
Number of employees (thousands)	752 (-2.1)	766 (1.9)	814 (6.3)	812 (-0.2)	793 (-2.3)

Source: Deutsche Bundesbank, April 2026

Chinese direct investment in Germany

(change on previous year, per cent)

	2020	2021	2022	2023	2024
Direct investment stock (EUR m)	5,412 (-5.4)	6,391 (18.1)	7,108 (11.2)	7,200 (1.3)	7,883 (9.5)
Number of companies	215 (13.2)	218 (1.4)	222 (1.8)	218 (-1.8)	219 (0.5)
Number of employees (thousands)	26 (13)	25 (-3.8)	26 (4.0)	26 (0)	27 (3.8)

Source: Deutsche Bundesbank, April 2026

- For precisely nine goods, such as certain cold-rolled electrical steel sheets or coarse animal hair, Germany is 100 per cent dependent on imports from China (value of goods: €3.5 million). A further 162 goods are 80–99 per cent imported from China (€18.3 billion), 322 goods 60–79 per cent (€25.9 billion) and 249 goods 50–59 per cent (€23.9 billion).
- In total, €68.1 billion of German imports from China are therefore accounted for by goods for which China has a share of more than 50 per cent of Germany's total imports of these products.
- Relative to total German imports from China of €171 billion, this corresponds to around 40 per cent of imports.

Who we are:

The 79 Chambers of Commerce and Industry (IHKs) are united under the umbrella of the Deutsche Industrie- und Handelskammer (DIHK) – German Chamber of Commerce and Industry. Our common goal: the best possible conditions for successful business.

At federal and European level, the DIHK represents the interests of the entire commercial economy vis-à-vis policymakers, public administration and the public. Several million companies from trade, industry and services are statutory members of an IHK – from kiosk owners to DAX-listed corporations. The DIHK and the IHKs thus provide a platform for the wide-ranging concerns of businesses. We consolidate these in a formal procedure on a statutory basis into the overall interest of the commercial economy, thereby contributing to the formation of economic policy opinion.

Our statements are based on the DIHK's economic and European policy positions and adopted position papers, taking into account the comments received by the DIHK from the IHKs and their member companies up to the time the statement is submitted.

In addition, the DIHK coordinates the network of 150 German Chambers of Commerce Abroad, Delegations and Representative Offices of German Industry and Commerce in more than 90 countries.