



German trade surplus with the US in key industrial sectors

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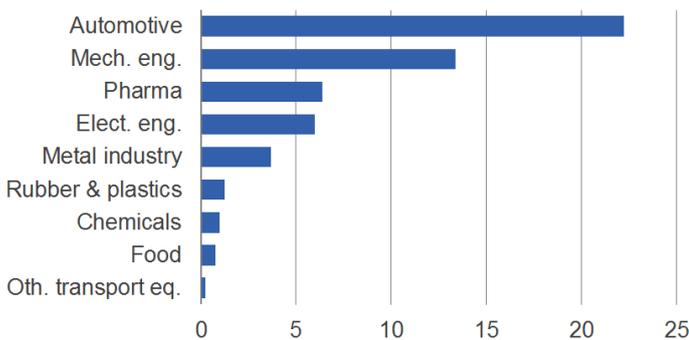
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In 2017, Germany ran a trade surplus of around EUR 50 bn with the US. Exports came to roughly EUR 111 bn, compared with imports of around EUR 61 bn. It was the second-largest surplus in German-US merchandise trade. Relative to 2011, Germany's trade surplus with the US roughly doubled.

German trade surplus with the US in major sectors

German trade surplus with the US by sector, 2017, EUR bn



Source: Federal Statistical Office

Accounting for a share of 8.7% of total German goods exports, the US were Germany's key export market last year (followed by France, China and the Netherlands). As regards total trade volumes, i.e. exports plus imports, the US took third place of the key trading partners (behind China and the Netherlands, but ahead of France).

From the perspective of the current US Administration, US trade deficits (albeit not only) with Germany are also a sign of allegedly unfair trade practices. This view can hardly be corroborated. Import tariffs on industrial products, in particular, are almost on a par in the US and the EU, within the lower single-digit range. Non-tariff trade barriers indeed play a role, though a sober analysis does not really reveal any imbalances. Trade in agricultural products, however, is more strictly regulated than trade in industrial

goods.

There are numerous reasons for the trade imbalance with the US. One reason is the long history of specialisation and Germany's high competitiveness in the field of traditional capital goods. Another is the early exposure of German companies to foreign growth markets, and thus, of course, the US. In the US, on the other hand, plants of US companies focus more strongly on the large domestic market. At the same time, many large US industrial companies are running plants outside the US to supply local markets.

A glance at the German trade surpluses with the US by individual sectors further underlines Germany's specialisation in capital goods industry. Automotive industry is taking the lead, followed by mechanical engineering. The fourth rank goes to electrical engineering. These three sectors by themselves ran a surplus of around EUR 42 bn in 2017. The decisive factor has always been the attractiveness of these products to consumers on the other side of the Atlantic. Conversely, US companies, for instance, dominate the European and German market for numerous digital services, due to consumer satisfaction with the product and the US' specialisation advantages in this segment.



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