

**FOREIGN TRADE MODELS AND TRADE DIPLOMACY OF CHINA AND GERMANY:
ANALYSIS OF TWO LEADING POWERS IN GLOBAL ECONOMIC COMPETITION**

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Annotatsiya. Ushbu maqola global raqobat kuchayayotgan kontekstda dunyoning eng ta'sirli iqtisodiy kuchlaridan bo'lgan Xitoy va Germaniyaning tashqi savdo modellari hamda savdo diplomatiyasi strategiyalarini o'rganadi.

Uzoq muddatli savdo tendensiyalari, eksport-import tuzilmalari va davlat tomonidan qo'llab-quvvatlanadigan iqtisodiy siyosatlarni tahlil qilish orqali maqola ikki mamlakatning xalqaro bozorlarni qanday shakllantirganini, o'ziga xos, ammo strategik jihatdan uyg'un yondashuvlar orqali ko'rsatadi.

Germaniyaning eksportga yo'naltirilgan iqtisodiy modeli texnologik innovatsiyalar, sanoat samaradorligi va kuchli ishlab chiqarish bazasiga asoslangan bo'lib, uni Yevropaning yetakchi savdo davlati sifatida joylashtiradi. Xitoy esa katta miqyosli sanoat quvvati, diversifikatsiyalangan savdo hamkorliklari va "Bir kamar, bir yo'l" tashabbusi kabi faol loyihalar orqali ishlab chiqarish markazidan global iqtisodiy gigantga aylangan.

Taqqoslash shuni ko'rsatadiki, Germaniya asosan yuqori qiymatli mashinasozlik mahsulotlari, avtomobillar va kimyo mahsulotlariga tayanadi, Xitoy esa katta hajmli ishlab chiqarish, kengaytirilgan logistika tarmoqlari va davlat tomonidan qo'llab-quvvatlanadigan faol savdo diplomatiyasidan foydalangan holda o'z pozitsiyasini mustahkamlaydi.

Maqolada shuningdek, geosiyosiy tarangliklar, ta'minot zanjiridagi buzilishlar va global iqtisodiy ustuvorliklarning o'zgarishi ikki tomonlama va ko'p tomonlama savdo naqshlarini qanday qayta shakllantirayotgani ham o'rganiladi. So'nggi savdo ma'lumotlari va siyosiy rivojlanishlarni tahlil qilish orqali maqola Xitoy va Germaniyaning yangi strategik haqiqatlarga qanday moslashayotgani, hamkorlik, raqobat va iqtisodiy o'zaro bog'liqlikni muvozanatlash usullarini yoritadi.

Annotation. This article examines the foreign trade models and trade diplomacy strategies of China and Germany-two of the world's most influential economic powers-within the context of rising global competition. By analysing long-term trade trends, export-import structures, and state-driven economic policies, the study highlights how both countries have shaped international markets through distinct yet strategically coherent approaches.

Germany's export-oriented economic model, built on technological innovation, industrial efficiency, and a strong manufacturing base, has positioned it as Europe's leading trading nation.

China, on the other hand, has transformed from a manufacturing hub into a global economic powerhouse through large-scale industrial capacity, diversified trade partnerships, and proactive initiatives such as the belt and road initiative.

The comparison demonstrates how Germany relies heavily on high-value machinery, automobiles, and chemical products, while China leverages large-volume production, expanding logistics networks, and assertive state-backed trade diplomacy.

The article also explores how geopolitical tensions, supply-chain disruptions, and shifting global economic priorities are reshaping bilateral and multilateral trade patterns. By analysing recent trade data and policy developments, the study provides insights into how China and Germany are navigating new strategic realities-balancing cooperation, competition, and economic interdependence.

Аннотация. В данной статье рассматриваются модели внешней торговли и стратегии торговой дипломатии Китая и Германии - двух наиболее влиятельных экономических держав мира - в условиях усиливающейся глобальной конкуренции. Анализ долгосрочных торговых тенденций, структуры экспорта и импорта, а также государственных экономических стратегий показывает, как обе страны формируют международные рынки, используя различные, но стратегически выверенные подходы.

Германия опирается на экспортно-ориентированную экономику, основанную на технологических инновациях, высокой индустриальной эффективности и сильном производственном секторе.

Это обеспечивает ей статус ведущей торговой нации Европы. Китай, напротив, прошёл путь от «мировой фабрики» до глобального экономического лидера благодаря масштабным производственным мощностям, расширенной сети торговых партнёров и активным инициативам, таким как «Один пояс - один путь».

Сравнительный анализ показывает, что Германия делает ставку на высокотехнологичное машиностроение, автомобили и химическую продукцию, тогда как Китай использует преимущество массового производства, развитие логистической инфраструктуры и государственно поддерживаемую торговую дипломатию.

В статье также рассматривается влияние геополитической напряжённости, сбоев в глобальных цепочках поставок и изменения мировых экономических приоритетов на формирование новых форм двусторонней и многосторонней торговли.

На основе анализа свежих торговых данных и актуальной политики исследование показывает, как Германия и Китай адаптируются к новым стратегическим вызовам - сочетая сотрудничество, конкуренцию и экономическую взаимозависимость.



1-picture, Geographical Location of China and Germany

China and Germany have long maintained a mutually beneficial trade relationship, with each country holding importance as a trading partner for the other. For nearly five decades, Germany has consistently ranked as China's top trading partner in Europe, while China has maintained its position as Germany's primary trading partner for eight consecutive years.

However, this longstanding period of symbiotic economic relations between the two countries is now undergoing a transformation. There is a discernible shift towards intensified industrial competition, particularly in sectors where German manufacturing companies have traditionally held dominance, such as the automotive industry. Moreover, this shift could have significant implications for Europe's stance on China, given Germany's central role in the EU-China relationship.

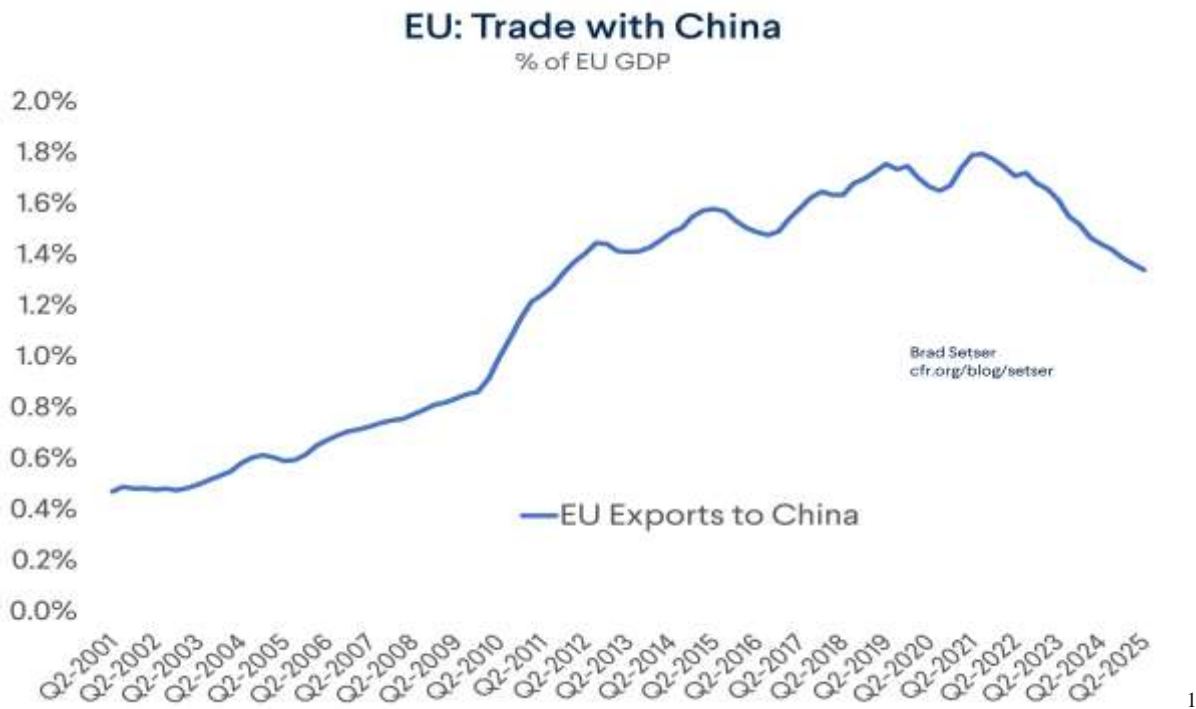
Diplomatic ties between the Federal Republic of Germany and the People's Republic of China were established in 1972. Since then, the relationship between China and Germany has evolved into a complex and dynamic one. Both Germany and the European Union perceive China simultaneously as a partner, a competitor, and – more recently – a systemic rival. Official relations between China and Germany date back to 1861, when the Eulenburg Expedition of the Kingdom of Prussia concluded the Sino-German Treaty with the Qing Dynasty. A decade later, following the establishment of the German Empire, the newly founded state inherited all treaties previously negotiated by Prussia with China. By the late nineteenth and early twentieth centuries, Sino-German relations frequently became strained, as Germany sought to establish its own sphere of influence in China, mirroring the practices of other European colonial powers. By 1914, Germany had secured several concessions, including treaty ports such as Yantai and Qingdao, as well as the strategically significant leased territory of Jiaozhou Bay.

Germany also participated in the Eight-Nation Alliance, and the Imperial German Army played a role in suppressing the Boxer Rebellion. After World War I, Germany lost all of its possessions in China. Nevertheless, Sino-German relations gradually improved during the 1920s, particularly as German military advisers assisted the National Revolutionary Army of the Kuomintang government.

This cooperation, however, shifted dramatically in the 1930s when Adolf Hitler aligned Germany with Japan. Following World War II, Germany was divided into two separate states: the liberal and democratic Federal Republic of Germany and the communist German Democratic Republic. During the Cold War, geopolitical tensions placed West Germany firmly within the United States–led anti-communist bloc, thereby positioning it in opposition to the newly founded People’s Republic of China. Conversely, East Germany aligned with the PRC through its ties to the Soviet Union. After German reunification, relations between China and a unified Germany gradually improved and deepened in a sustained and significant manner. The earliest China–Germany trade was conducted overland through Siberia and was subject to Russian transit taxes.

In pursuit of more profitable trade routes, German merchants increasingly turned to maritime transport. The first German commercial ships reached China in the 1750s, eventually becoming part of the Royal Prussian Asiatic Trade Company during the Qing Dynasty.

The Federal Republic of Germany and the People’s Republic of China established diplomatic relations in 1972. Since then, German-Chinese relations have become multi-faceted and intense. For both Germany and the European Union, China is at the same time a partner, a competitor and a systemic rival. Germany’s policy on China is based on the Federal Government Strategy on China, which was adopted in 2023 and comprehensively lays out the current status of and the prospects for relations with China.



2-rasm, EU Exports to China

This picture shows that trade relations between the European Union and China have grown noticeably over the past twenty years. As the chart shows, the EU’s exports to China - measured as a share of GDP - have been rising steadily since 2001, reaching their strongest levels in the 2010s.

¹ <https://www.cfr.org/blog/china-also-fighting-trade-war-europe-and-winning>

This upward movement reflects China's increasing demand for high-tech and industrial products such as machinery, vehicles, and electronics, which make up the core of EU exports.

Between 2010 and 2015, the EU experienced particularly fast growth in its exports to China. This surge was closely tied to the recovery of the global economy and China's growing interest in European goods. From 2015 to 2020, the growth became more stable and predictable, with export levels hovering between 1.6% and 1.8% of EU GDP - showing a steady and well-established trade relationship.

After the COVID -19 pandemic, EU exports reached their highest point from 2020 to 2022 as China's market reopened and supply chains gradually adjusted. Yet, starting from 2022, the chart indicates a slight decline, with the export-to-GDP ratio dipping to about 1.4%. This downward shift is largely a result of global economic uncertainty, rising geopolitical tensions, and new trade restrictions. These trends reveal how EU-China trade has always balanced between deep economic cooperation and the risks of strategic dependence. The periods of strong growth show how competitive the EU is in high-tech sectors, while the recent slowdown reflects challenges in the broader global environment. The chart offers a clear picture of how important China is as a trading partner for the EU and provides meaningful insights for shaping future economic strategies.

Germany is China's largest trading partner and leading exporter of technology in Europe. China, for its part, has been Germany's largest trading partner since 2017, surpassing the United States. In 2008, the volume of bilateral trade between China and Germany exceeded 100 billion USD. By 2014, German Chancellor Angela Merkel had visited China seven times on trade missions since assuming office in 2005, underscoring China's growing significance for the German economy. In 2018, Mercedes-Benz issued a formal apology to China after sharing an Instagram post that featured a quotation attributed to the Dalai Lama. China's major technology firm Huawei has also collaborated with the German design company Porsche Design, most notably in the development of the Porsche Design Huawei Smartwatch GT 2. With a volume of trade of approx. 246 billion euro, the People's Republic of China was Germany's second-largest trading partner for goods in 2024 and, between 2016 and 2023, it was Germany's largest trading partner for goods. International crises and conflicts, as well as mounting global challenges, e.g. climate change, global health issues and global food security, are placing a premium on German-Chinese cooperation and coordination. Germany's policy on China is consistently European.

Germany advocates for substantive and reciprocal relations between the EU and China, as well as increased EU unity towards China. China views Germany both economically and politically as a key partner in Europe. Despite the countries' substantive relations, fundamental differences of opinion do exist. This is particularly the case with regard to human rights, especially individual freedoms, as well as regarding certain economic matters and questions concerning the validity of international law, the international order and the interpretation of multilateralism.

Germany continues to have a major interest in China opening its markets more to European companies and their products, further developing its rule of law structures and social systems, allowing more political and economic participation, resolving minority issues peacefully and with respect for human rights, and in this spirit shaping its commitment in international institutions and in support of a rules-based international order.

In March 2014, under the leadership of Chinese President Xi Jinping and former German Chancellor Angela Merkel, China and Germany elevated their relationship to a comprehensive strategic partnership. Under former Chancellor Merkel's leadership, both diplomatic and economic relations between China and Germany flourished. In 2016, China emerged as Germany's largest single trading partner, overtaking the United States. Amidst international crises and escalating global challenges such as climate change and the recent COVID-19 pandemic, there is a growing emphasis on the necessity of cooperation and coordination between Germany and China. Germany advocates for meaningful and mutually beneficial relations between the EU and China, as well as enhanced unity within the EU concerning China-related matters. From China's perspective, Germany is regarded as a crucial partner – both economically and politically within Europe. In July 2023, Germany released its first-ever China Strategy. The document indicates a strategic shift towards diminishing economic dependence on China while ensuring stability in the supply chain. The move, amid concerns regarding subsidies for electric vehicles and telecom equipment, has been a nuanced approach to collaboration with China. The emphasis on de-risking rather than decoupling signifies a readiness to engage with China despite existing disparities.

German companies continue to face disadvantages in China, including as a result of restricted market access and investment opportunities, exclusion from public procurement, and unequal competition e. g. through public subsidies, regulatory discrimination, forced knowledge and technology transfer and insufficient protection for intellectual property rights, including product piracy. Some of these practices do not comply with WTO legislation. This is a particular challenge for small and medium-sized enterprises from Germany. The Federal Government will continue to call on the Chinese side to make comprehensive structural improvements to the market environment. The Federal Government is providing political support to German companies to help them deal with these forms of discrimination. European companies have very limited access to public procurement in China, while Europe's procurement market is open to Chinese firms. We are thus calling on China to accede to the WTO Agreement on Government Procurement on the basis of an ambitious offer from the Chinese side. The EU's Instrument for International Procurement, which entered into force in summer 2022, aims to improve EU firms' access to public contracts in third countries such as China. China's data legislation provides the country's security authorities with disproportionate means of control and is leading to imbalances in competition opportunities. Free and trustworthy transnational flows of data and the fair regulation of cyberspace are needed for the further development of our economic relations. Germans are also working at the bilateral level to achieve this.²

The European internal market offers Chinese firms in the transport sector far greater opportunities than those granted to European suppliers in China. The Federal Government is seeking to deepen exchange on transport issues in order to ensure that air and maritime routes are open and fair. Germany and China have a common interest in creating the parameters for economically, ecologically and socially sustainable, resilient and robust global logistics chains. In doing so, the Federal Government will focus to a greater extent on the principle of reciprocity.

² <https://moderndiplomacy.eu/2025/11/17/china-and-germany-agree-to-end-trade-tensions-deepen-commercial-ties/>

China is a global player in the development policy field whose engagement Germans are monitoring closely. They are cooperating with China to provide and protect global public goods and to implement the 2030 Agenda for Sustainable Development. Germans are also conducting a dialogue on standards and practices in development cooperation in this regard. This dialogue is being underpinned by individual joint projects benefitting third countries known as “triangular cooperation”. These projects must meet Official Development Assistance standards and be geared towards demand. The advantages and risks of cooperation are always carefully weighed up in this regard. The Sino-German Center for Sustainable Development in Beijing is a platform for cooperation in the development policy context. China is continuing to gain in importance in international financial institutions and in regional development banks. The Germans intend, also within the framework of the reform process of multilateral development banks, to use their cooperation with China in these institutions in order to work on joint solutions for financing global public goods in the context of global challenges such as climate action, biodiversity conservation, the energy transition and food security. The Federal Government believes that the question of appropriate representation in international financial institutions is inseparably bound up with the willingness to assume international responsibility, for example in the areas of climate and biodiversity financing, international debt restructuring for highly indebted countries and the liberalisation of foreign exchange and capital markets.

Health is a global public good. The COVID-19 pandemic has underscored the key role for global health played by the World Health Organization. In order to strengthen the role of the WHO in combating pandemics, all member states must fulfil their obligations, including with regard to transparency in the case of newly emerging pandemics and research into their origins.

Germans are advocating for greater support and financial involvement on the part of China in the WHO, and also for constructive engagement concerning the negotiations on an international pandemic treaty in the WHO framework. The Federal Government has an interest in expanding the dialogue with China concerning the assumption of joint responsibility for expanding global production and fair distribution of medical retaliatory measures and also in the context of diseases associated with demographic factors. Germans are working to promote research cooperation in the healthcare sector, in particular in multilateral initiatives and in accordance with international standards.³

The illegal wildlife trade poses a threat to biodiversity and runs the risk of leading to pandemics. The Germans are offering to extend their cooperation with China to tackle the illegal wildlife trade world wide. Moreover, they are endeavouring to ensure China’s involvement in the International Alliance against Health Risks in Wildlife Trade and for it to accede to the Convention on the Conservation of Migratory Species of Wild Animals.⁴ Their objective is for China to assume greater responsibility for global food security, sustainable forestry, soil protection and deforestation-free supply chains.

³ https://en.wikipedia.org/wiki/China%E2%80%93Germany_relations

⁴ <https://www.auswaertiges-amt.de/en/aussenpolitik/laenderinformationen/china-node/china-228916>

They are intensifying their dialogue with China to this end, including in the Food and Agriculture Organization of the United Nations. Germans are working to ensure that China implements the results of the United Nations Food Systems Summit 2021.

Conclusion

Increasing competition and systemic rivalry with China require new efforts in Germany and the EU to strengthen Germany's economy, competitiveness and technological sovereignty, as well as to protect their open societies and assert their interests vis-à-vis China. China is a serious competitor for German and European business. China has already achieved a market-leading role in a number of areas; a range of state measures and a strongly protected market are playing an important role in this regard. Business, science and politics are closely connected in China's actions. Strategies and statements by the Chinese leadership e. g. President Xi to party committees in 2020 indicate that China is seeking to create economic and technological dependencies with a view to using these to assert political objectives and interests. At the same time, China, citing security interests, is working to make itself more independent from foreign contributions and supplies. In view of this, unfair practices on the part of China can have a negative impact on Germany's security, sovereignty and prosperity. Federal Republic of Germany must address this threat in Germany and at European level with suitable means. In addition to improving the regulatory framework in Germany and Europe, de-risking is necessary. This refers to reducing dependencies in critical areas, keeping geopolitical aspects in mind when taking economic decisions, and increasing German's resilience. De-risking involves a range of different measures, which are explained below. Germans consider de-risking to be an expedient supplement to their actual strength, namely the openness of their political, economic and social system. While China is Germany's biggest single trading partner for goods, around half of German external trade is conducted within the European internal market. This share is considerably higher still for many European partners. The European internal market makes a very important contribution to Germany's economic clout. Germans are therefore driving forward the integration and resilience of the EU internal market, which they must further deepen and strengthen with new initiatives

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