

# **Germany – Sick Man of Europe?**

## **Where Has All the Growth Gone?**

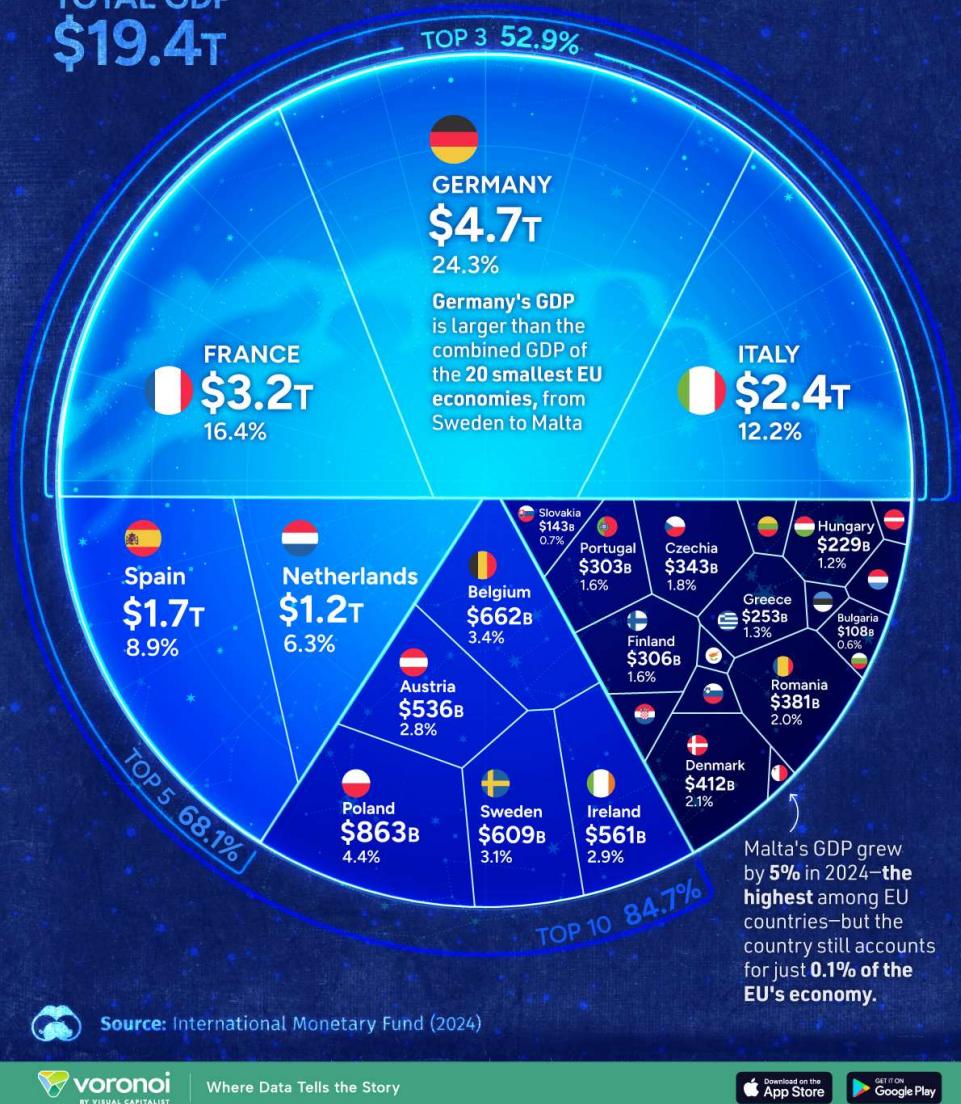
Holger Sandte  
2 October 2025





# European Union GDP

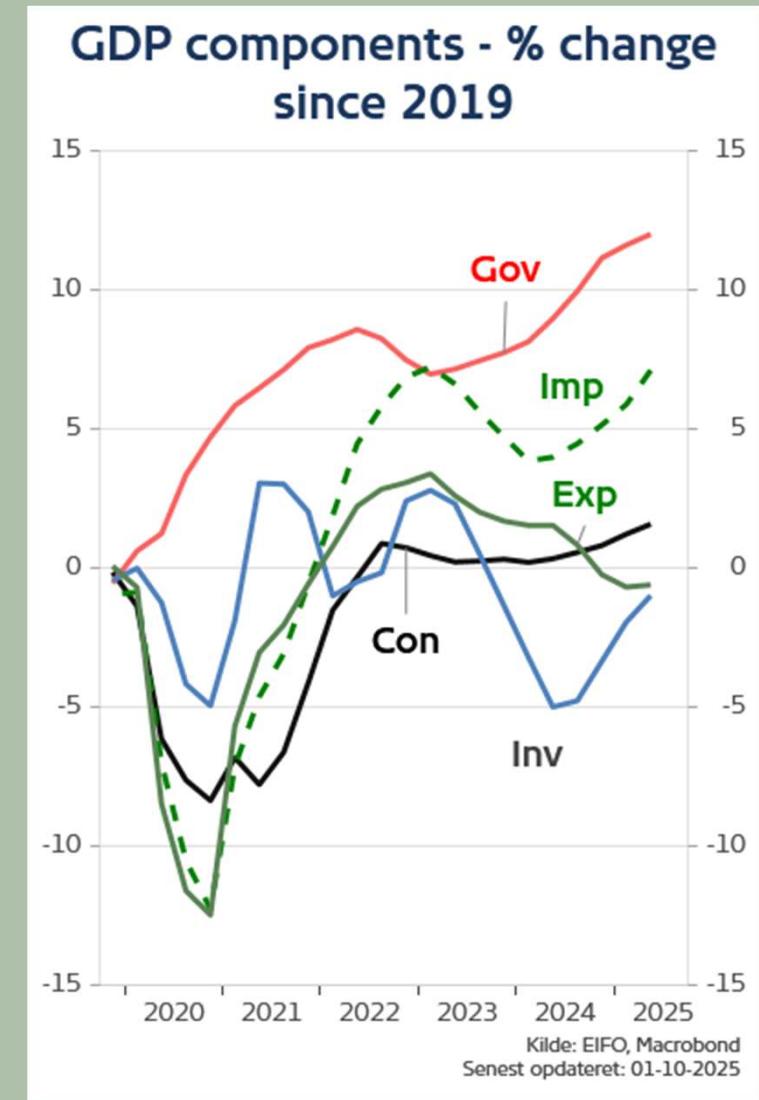
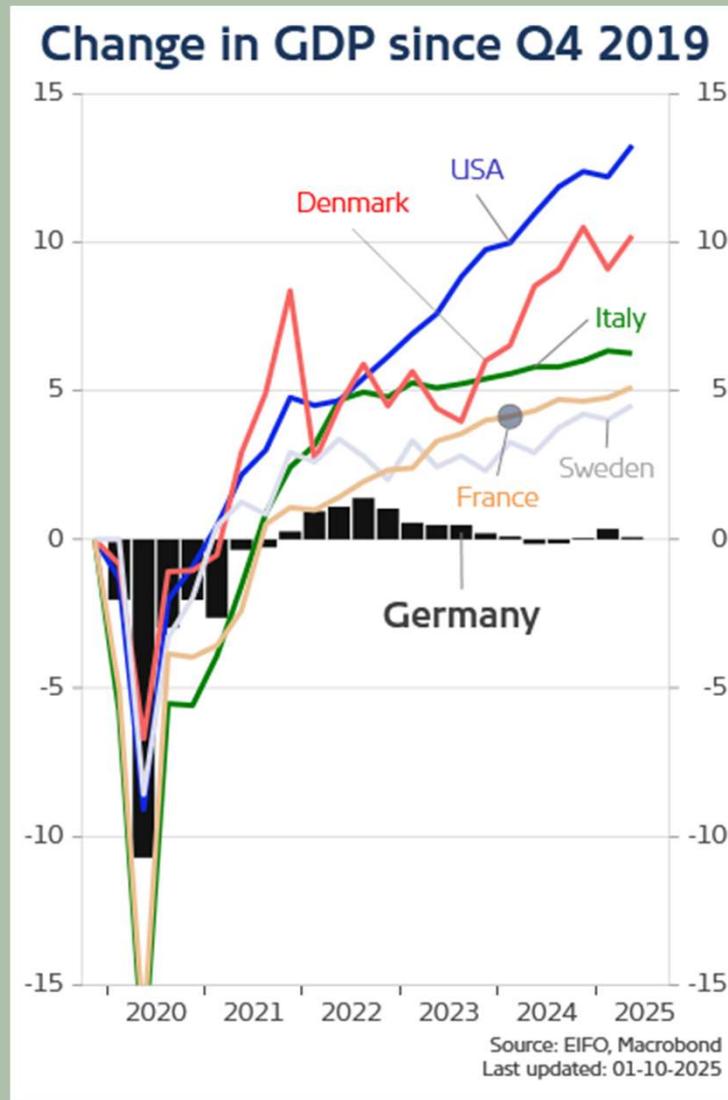
**TOTAL GDP  
\$19.4T**



# Germany

- › Largest GDP and population in the EU
- › Globally the 4th largest economy, 3rd largest exporter and importer
- › High degree of trade openness for an economy that size
- › Large current account surpluses
- › Larger share of (energy-intensive) industry than many other high-income countries
- › Moderate public debt, AAA-rated
- › High degree of political stability

# No GDP Growth in Germany Since 2019



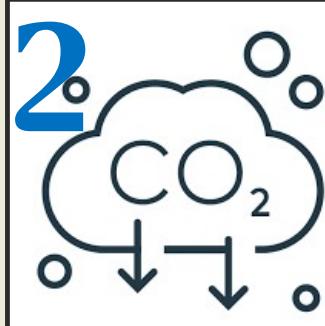
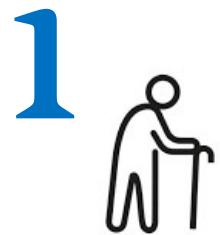
# Germany in the World Competitiveness Ranking (IMD, 67 countries)

## Rank over time



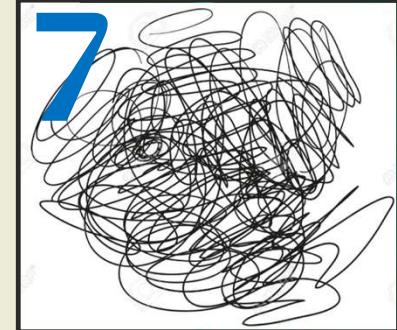
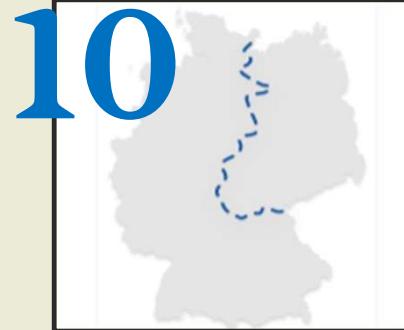
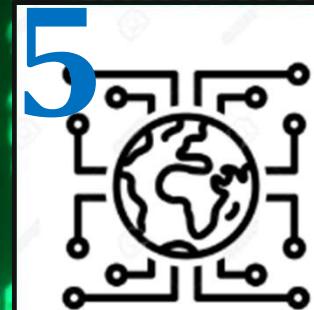
1 <sup>st</sup>	Singapore
2 <sup>nd</sup>	Switzerland
3 <sup>rd</sup>	Denmark
4 <sup>th</sup>	Ireland
5 <sup>th</sup>	Hong Kong SAR
6 <sup>th</sup>	Sweden
7 <sup>th</sup>	UAE
8 <sup>th</sup>	Taiwan (Chinese Taipei)
9 <sup>th</sup>	Netherlands
10 <sup>th</sup>	Norway
11 <sup>th</sup>	Qatar
12 <sup>th</sup>	USA
13 <sup>th</sup>	Australia
14 <sup>th</sup>	China
15 <sup>th</sup>	Finland
16 <sup>th</sup>	Saudi Arabia
17 <sup>th</sup>	Iceland
18 <sup>th</sup>	Belgium
19 <sup>th</sup>	Canada
20 <sup>th</sup>	Korea Rep.
21 <sup>st</sup>	Bahrain
22 <sup>nd</sup>	Israel
23 <sup>rd</sup>	Luxembourg
24 <sup>th</sup>	Germany

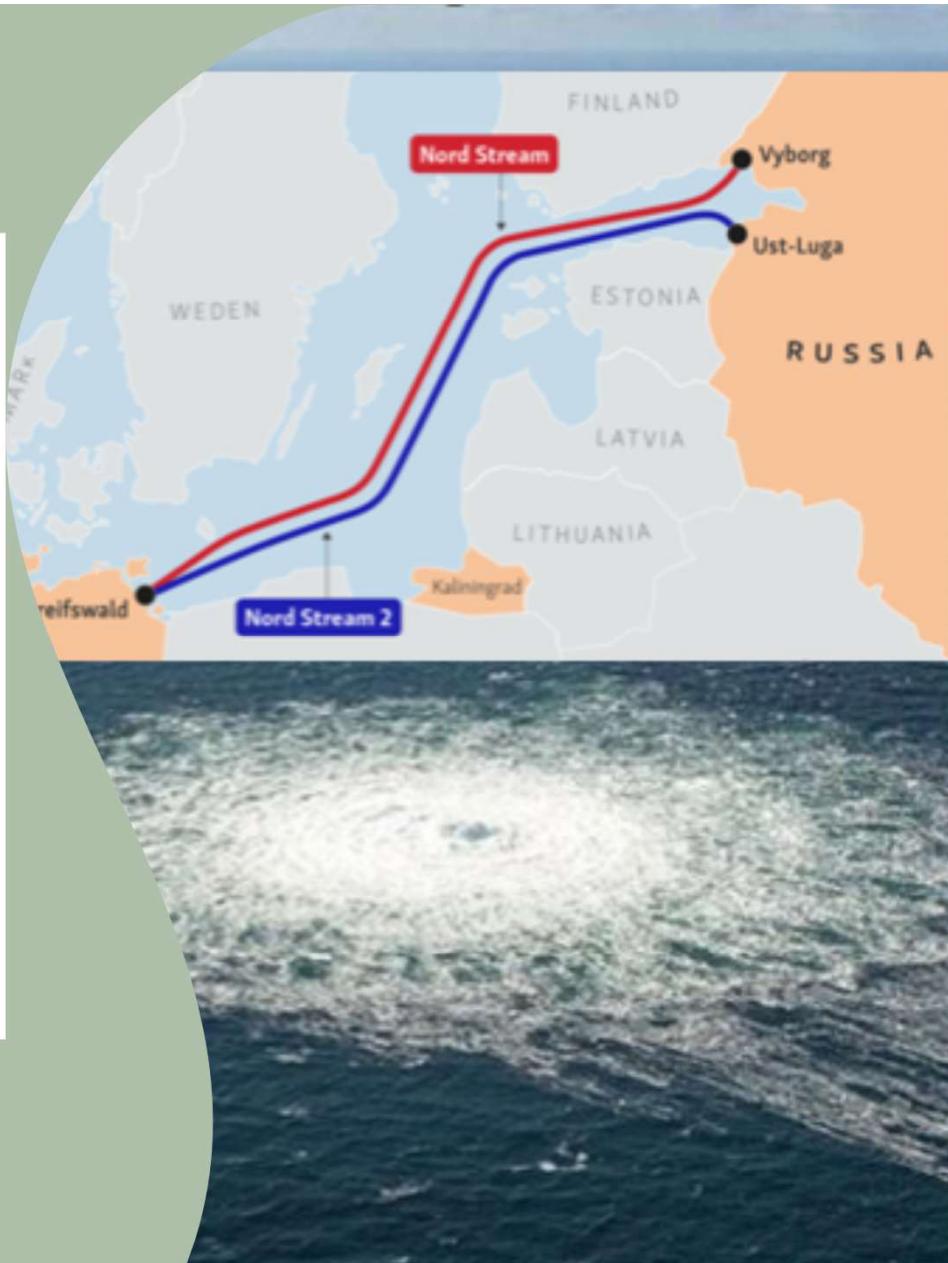
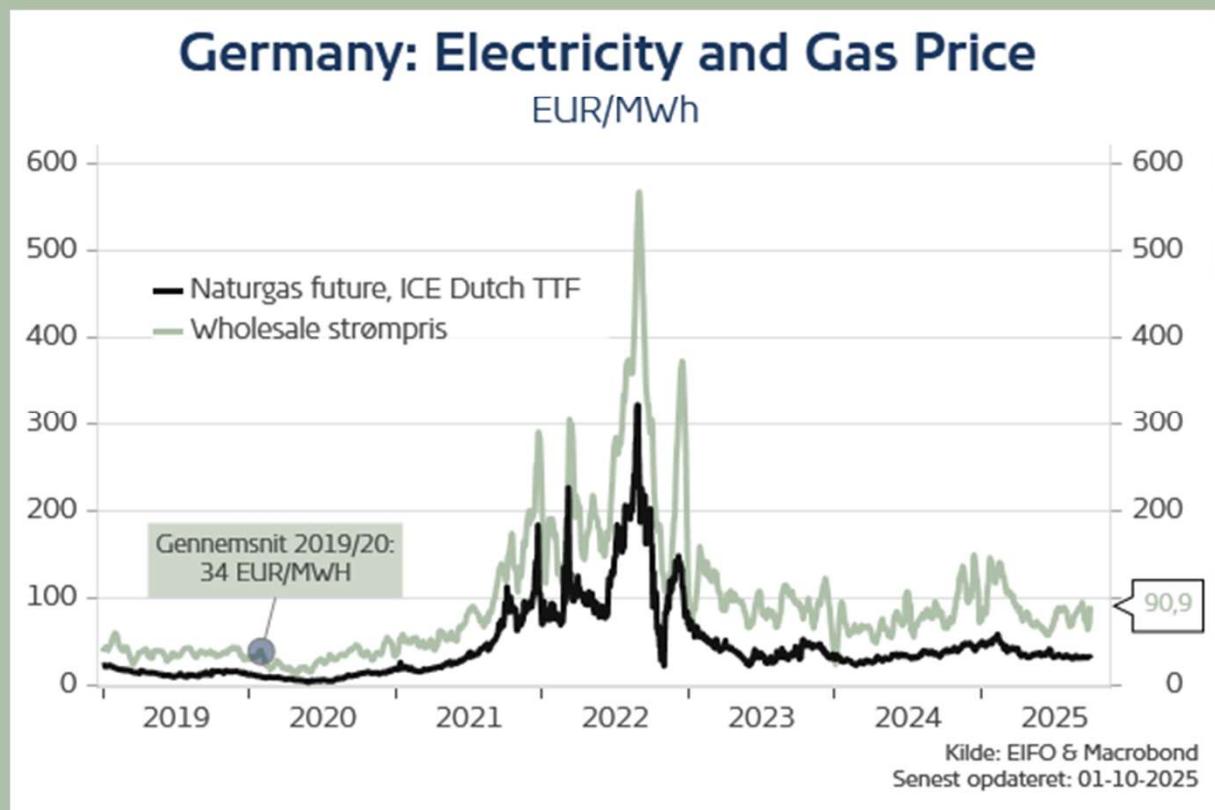
# Challenges



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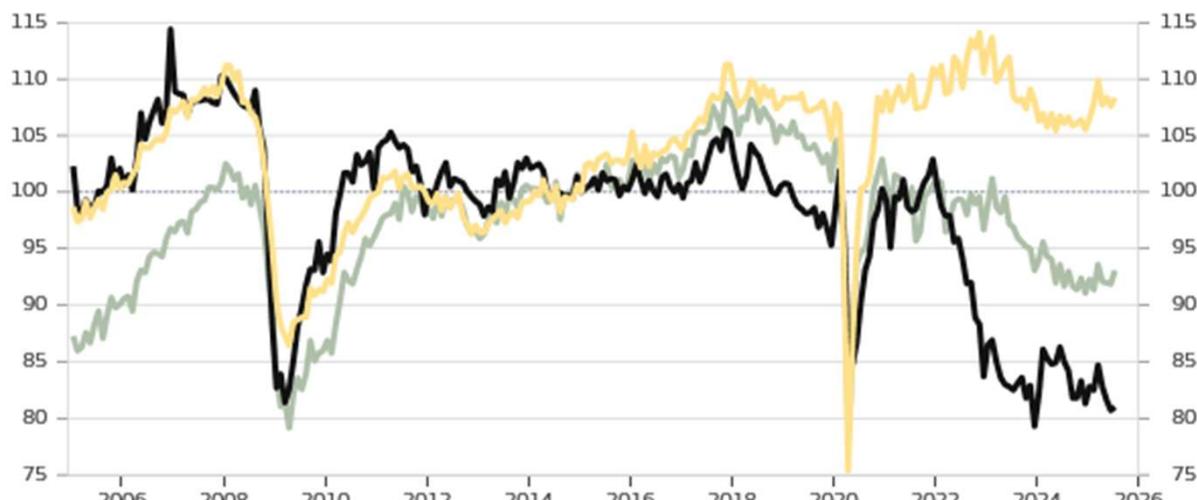




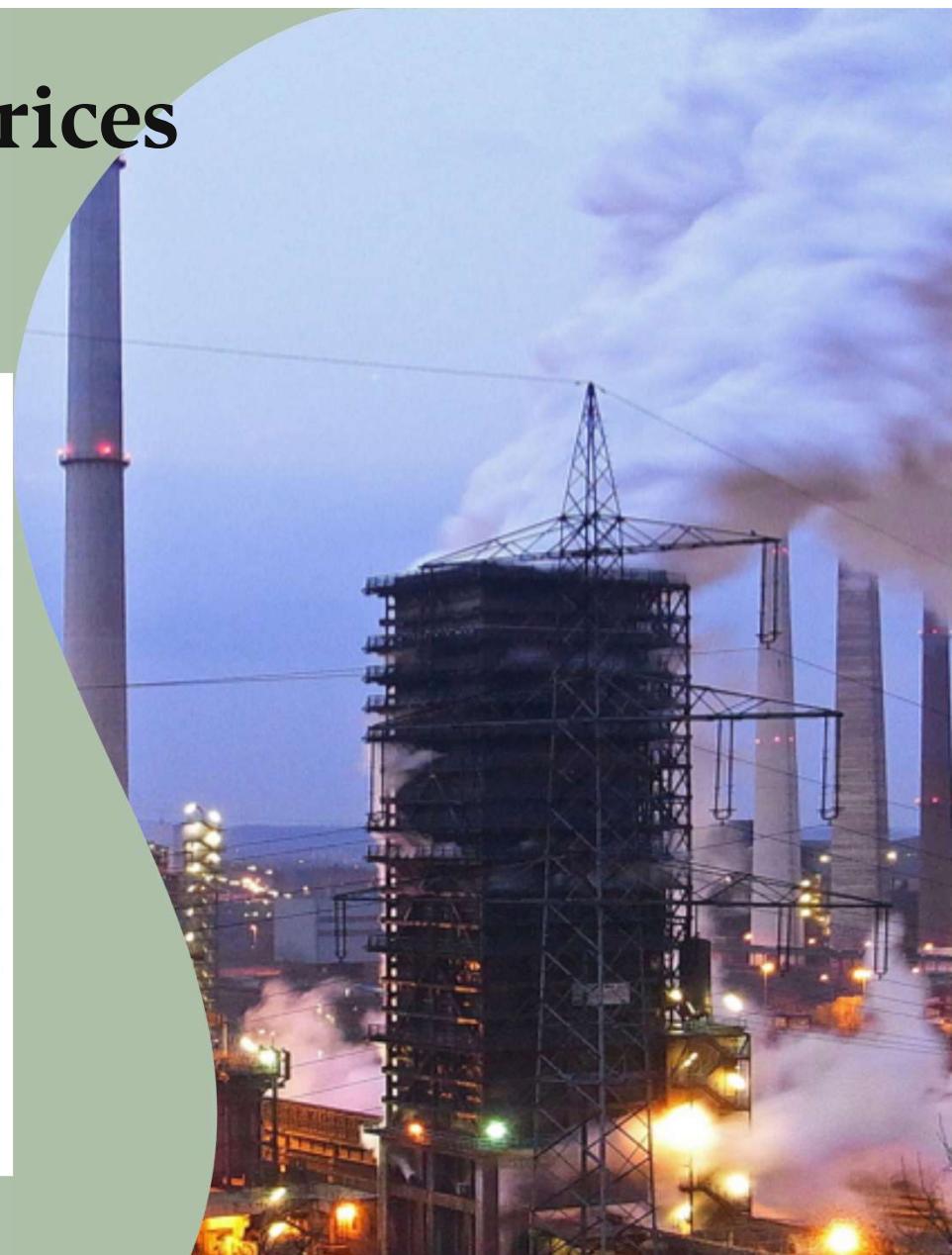
# Permanently higher energy prices → Deindustrialisation?

## Higher energy costs strike a blow to German industry

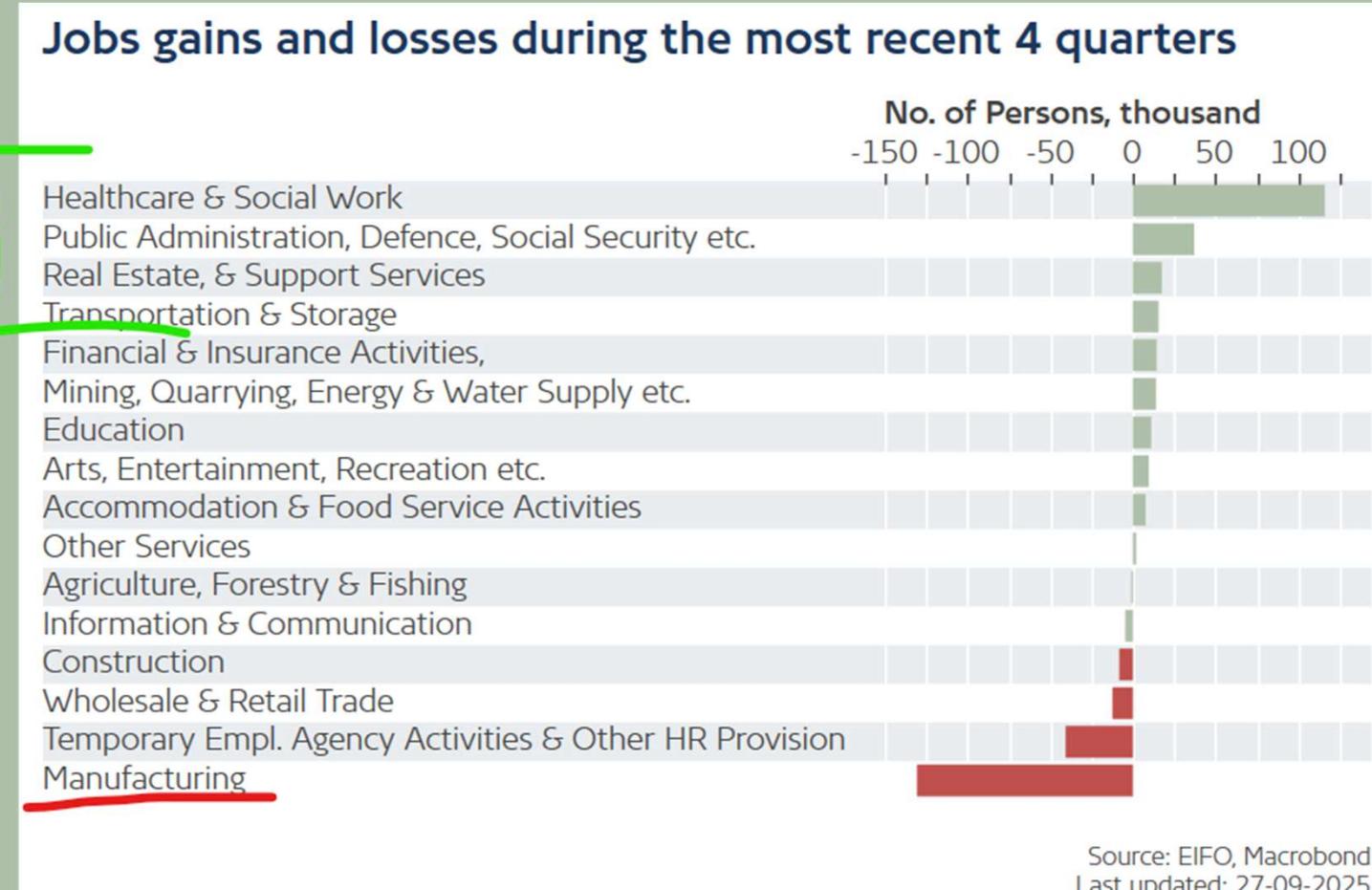
Industrial production, Jan. 2015=100



Source: EIFO & Macrobond

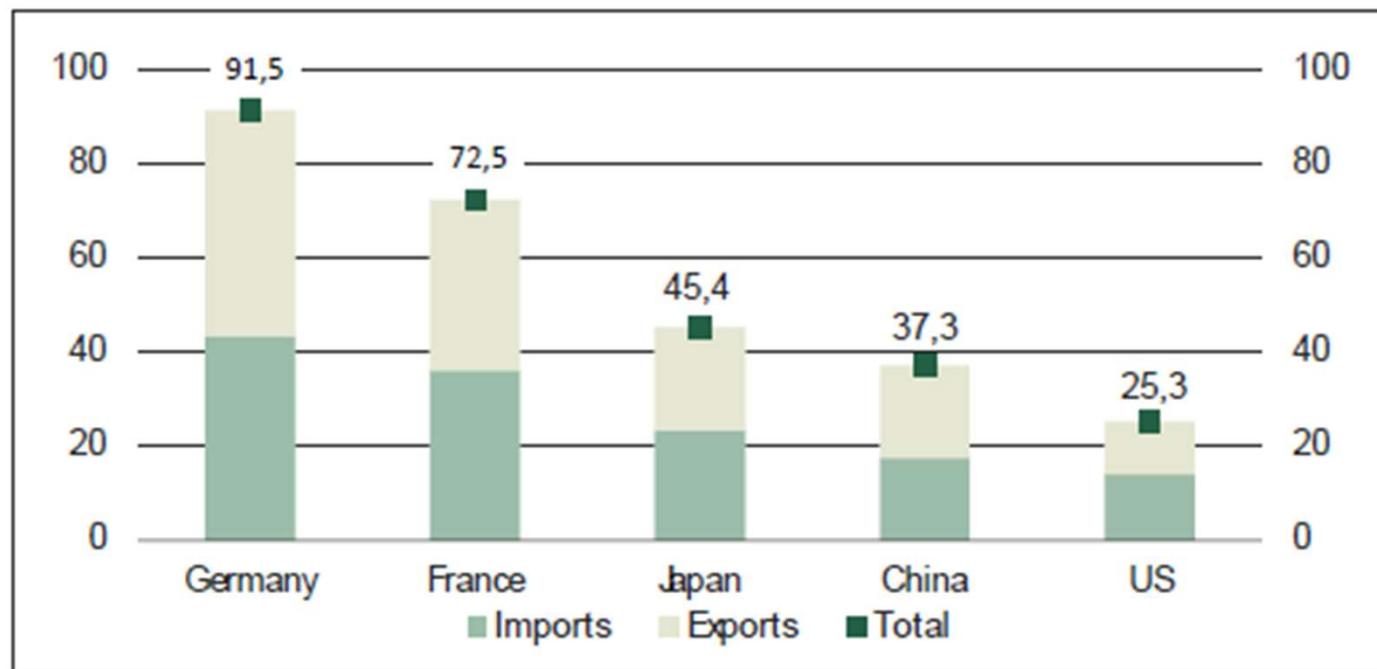


# - 10.000 industrial jobs each and every month



# Trade Openness in Selected Countries

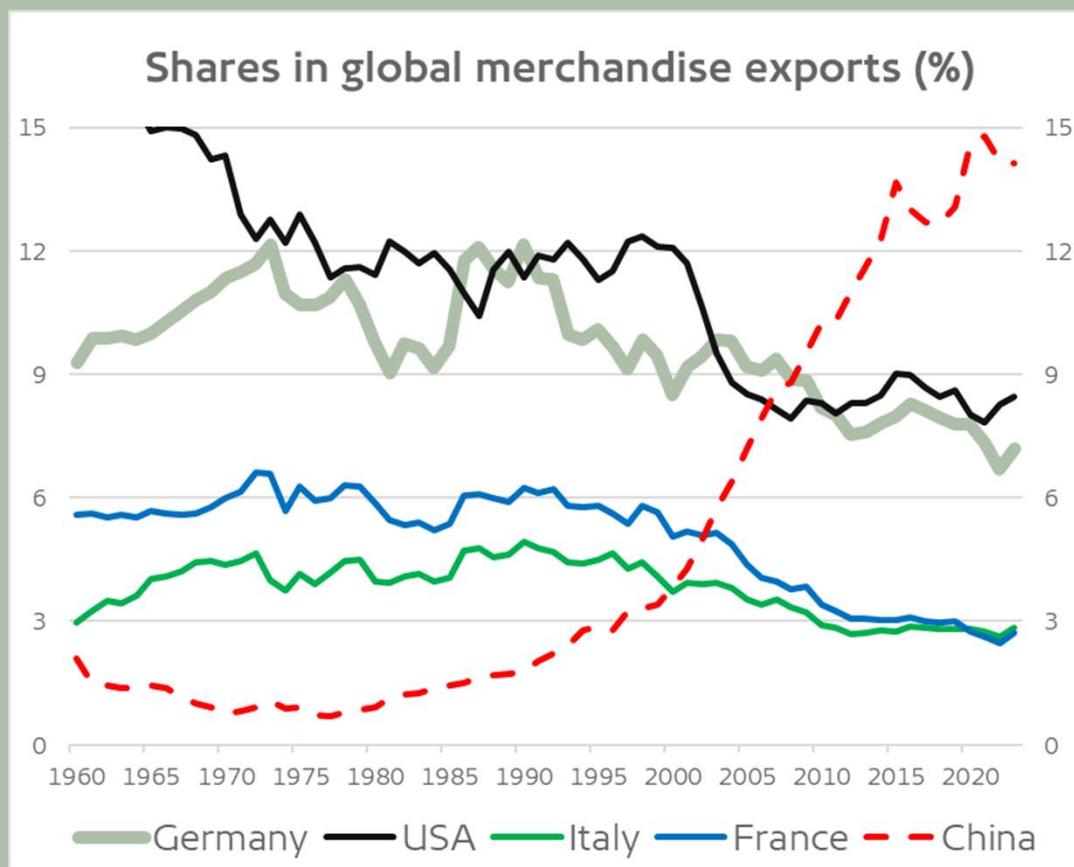
Figure 1. Exports and Imports of Goods and Services as % of GDP (2023)



Source: World Bank



# China's impressive rise



## How dependent German DAX companies are on China and the Asia-Pacific region

Share of sales in percent

Company	Asia Pacific	thereof China
Volkswagen	40.2	36.3
BMW	42	32
Infineon	58	32
Mercedes Benz	40.4	30.9
Porsche	24.8	24.8
Covestro	32.7	21
adidas	26.0	15
BASF	25.4	14

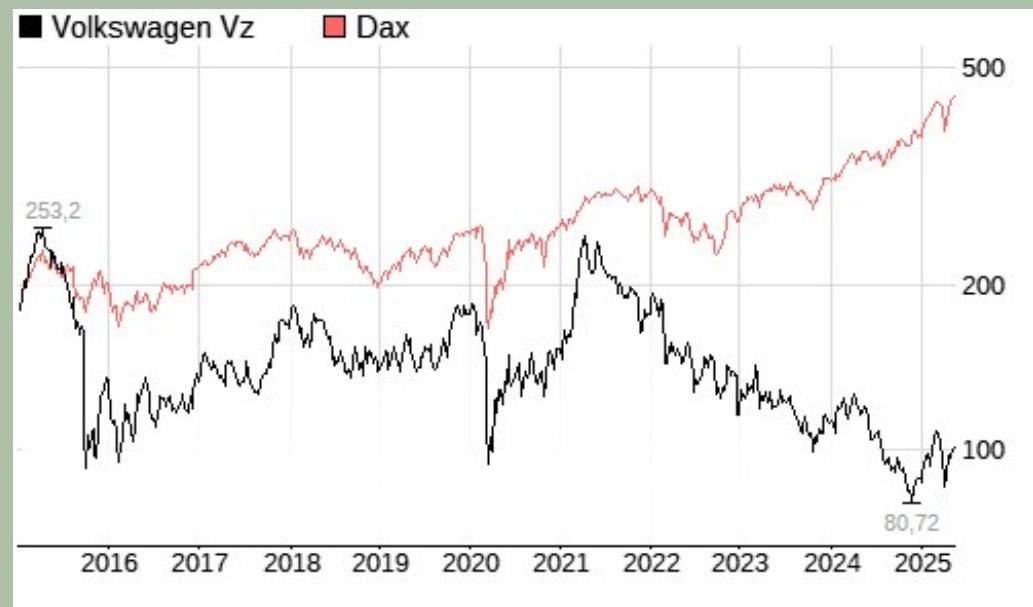
www.Table.Media

Source: GTAI 2024

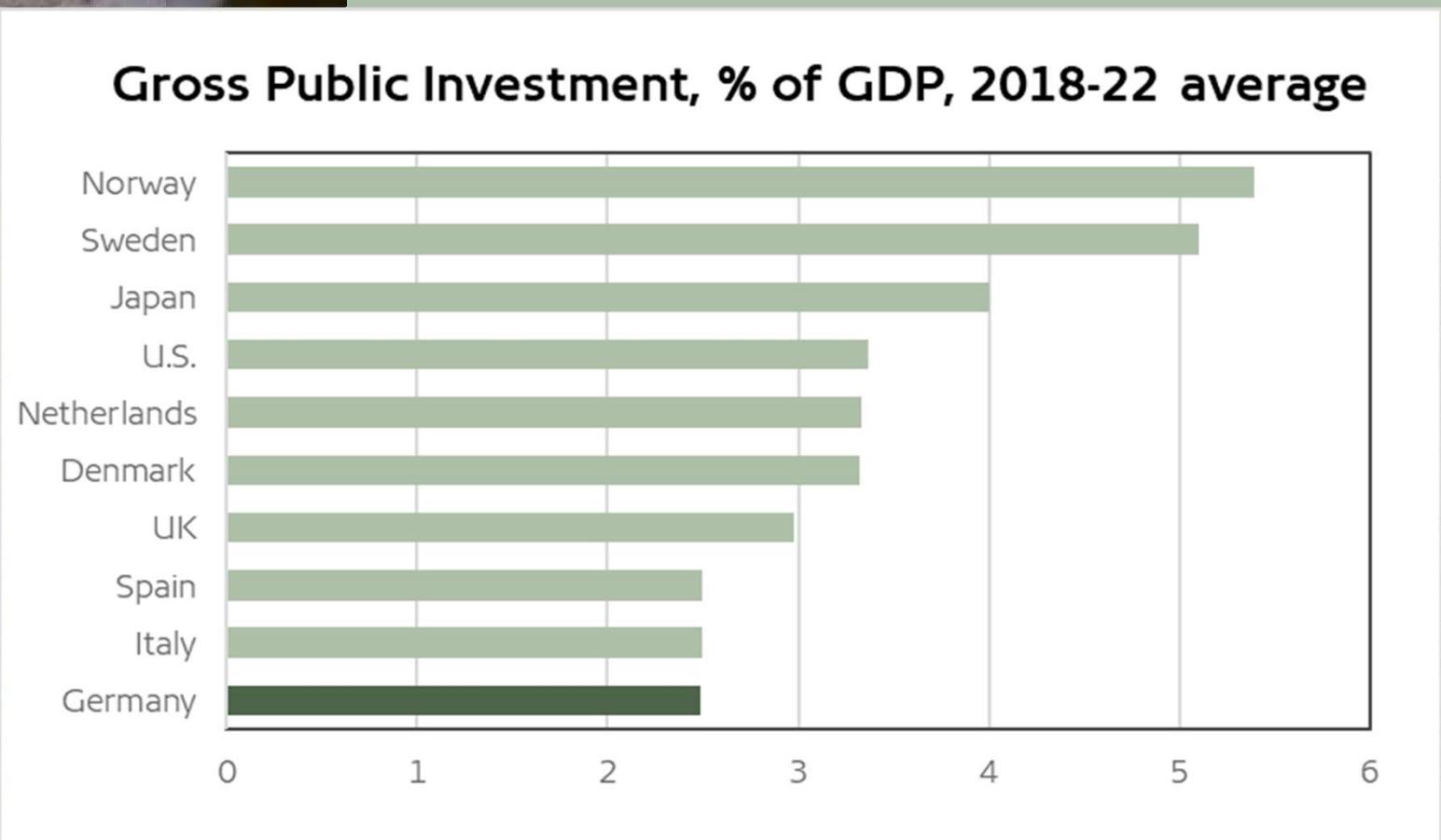
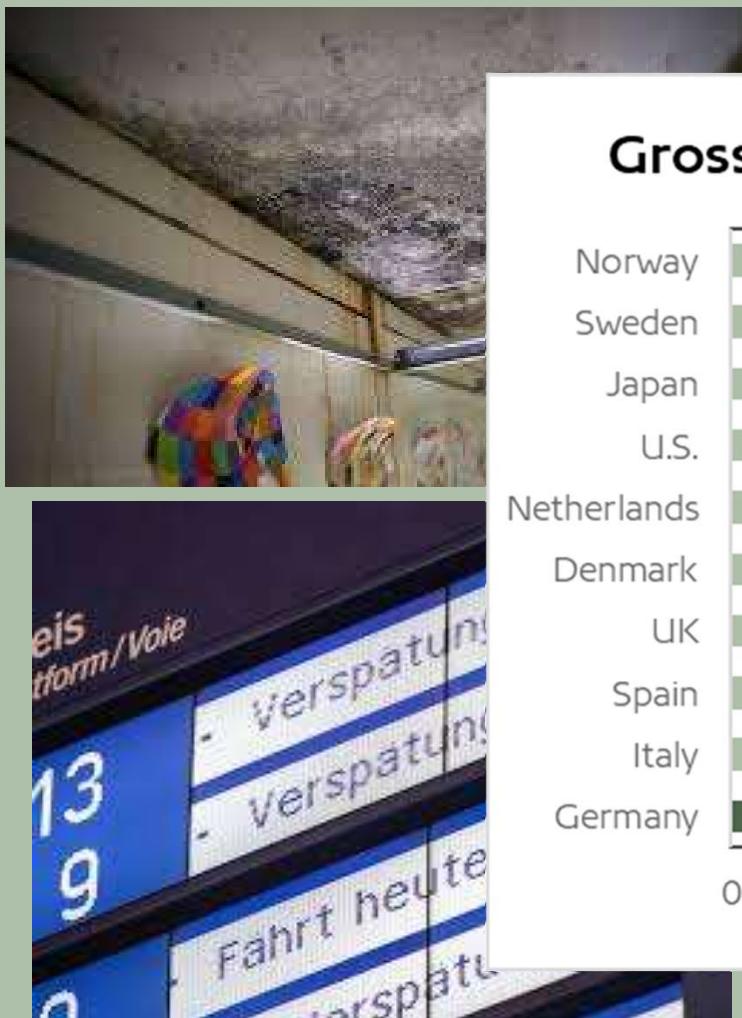
# European Countries' Largest Trading Partners



# Equity Markets Betting on the New Germany



# Low public investment



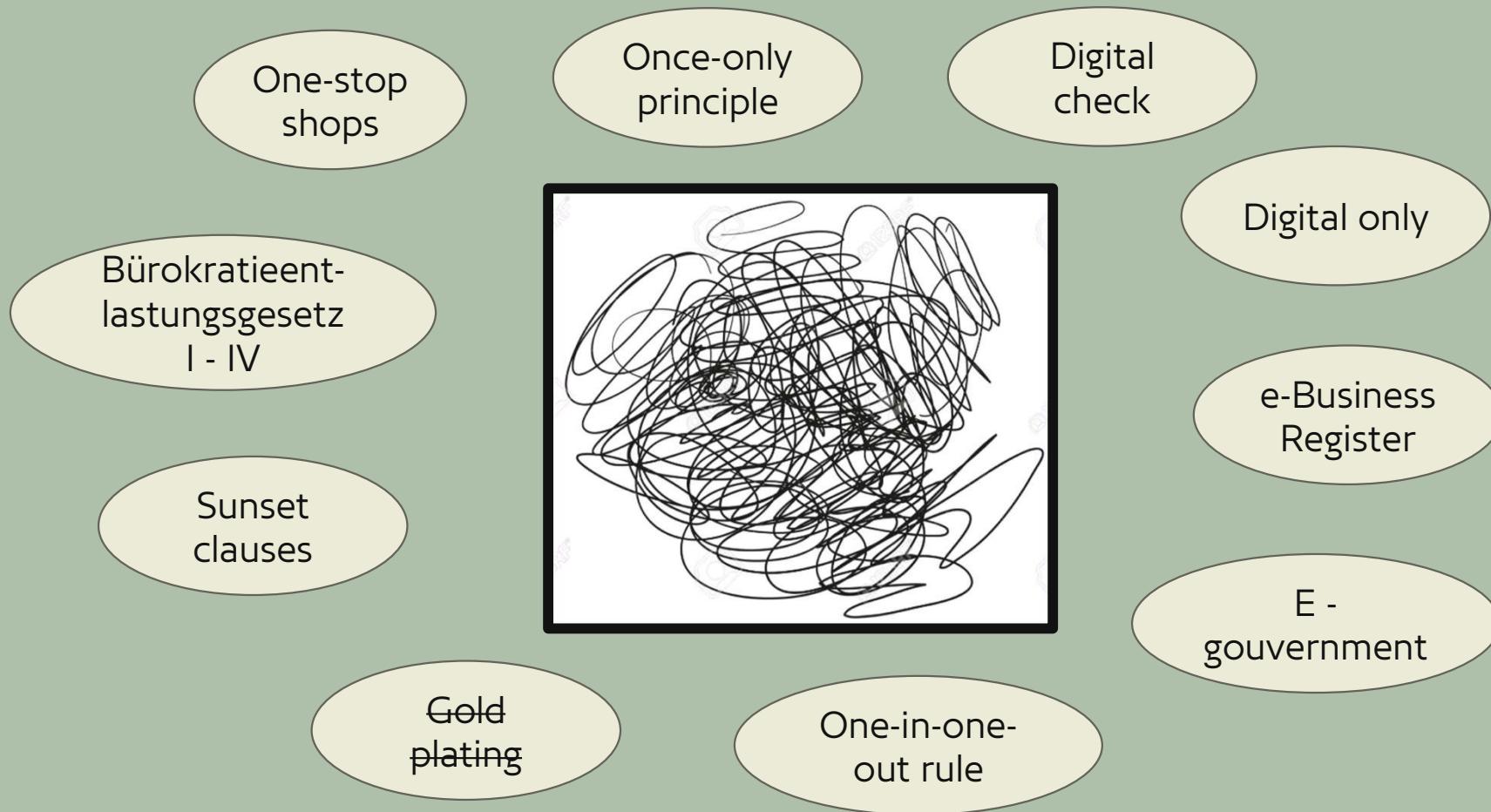
# Not much change in Germany's tax ranking

## International Tax Competitiveness Index (OECD countries)

	Overall Rank (number of countries)	Corporate tax Rank	Indiv. taxes Rank	Cons. Taxes Rank	Property taxes Rank
2024	16 (38)	31	35	13	12
2023	18 (38)	31	35	14	12
2022	15 (38)	30	26	15	11
2020	15 (34)	29	25	12	11
2015	17 (34)	23	13	13	31

Source: Tax Foundation, International Tax Competitiveness Index, different years.

# Promoting digitization and fighting red tape



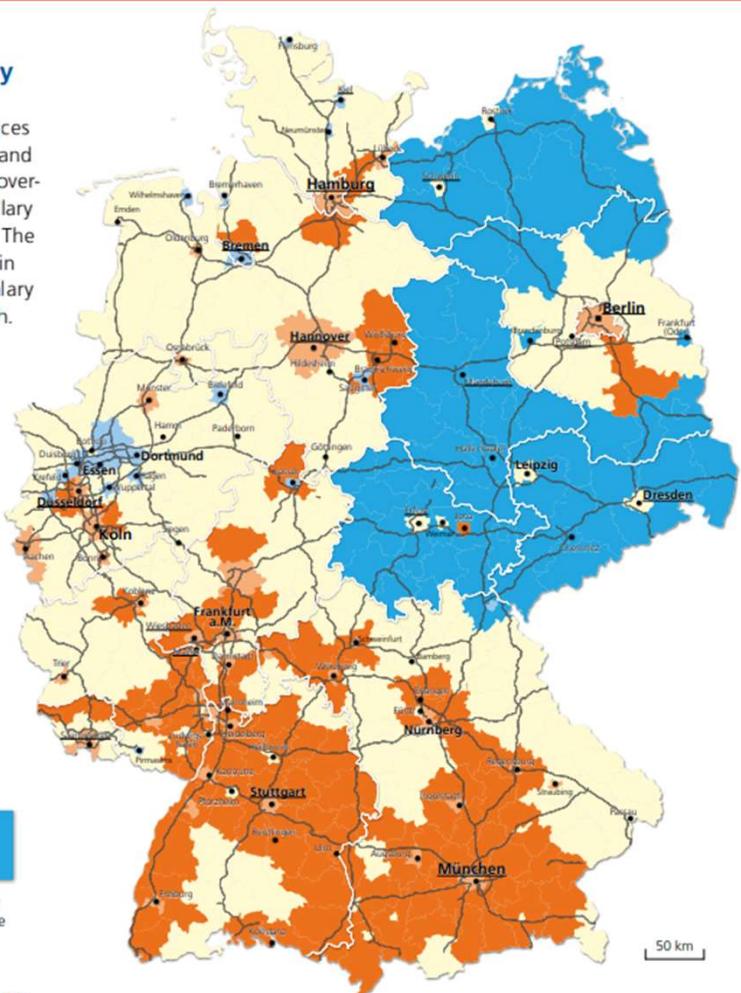
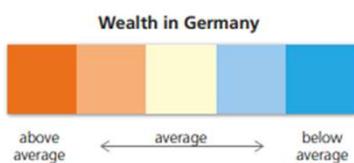
# Company headquarters



FIGURE 2

## Wealth and poverty in Germany

The five spatial areas represent differences in wealth and poverty across Germany and are based upon four indicators: child poverty, old-age poverty, average monthly salary by residence, and average rental costs. The order of the spatial areas as illustrated in the key is based on average monthly salary as the main indicator of regional wealth.



Source: Authors, based on Bertelsmann Stiftung: Federal Employment Agency statistics, regional statistics, Empirica, GeoBasis-DE/BKG 2021

# Federal Election results in 2025

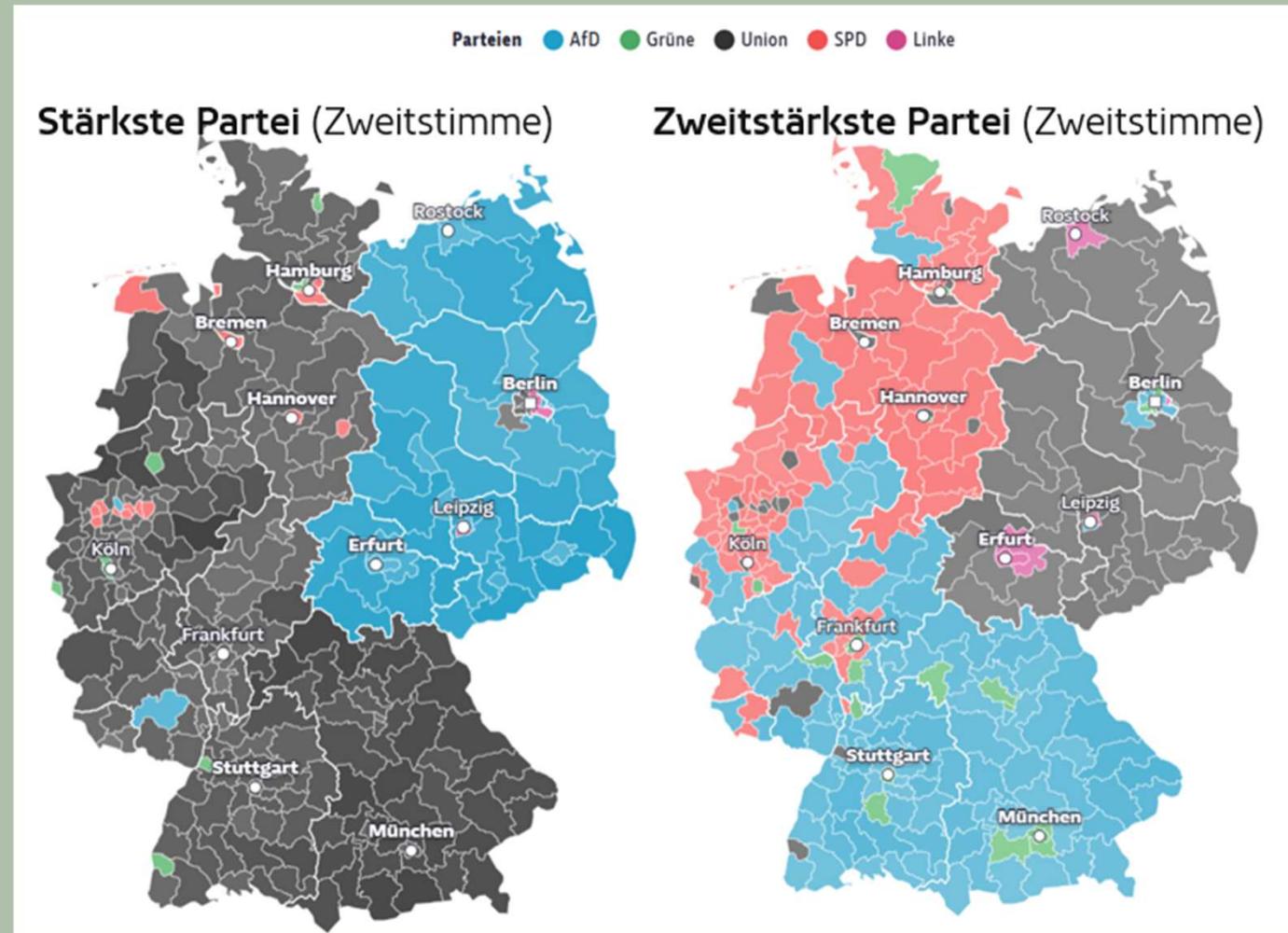
**Union:** CDU/CSU centre-right, conservative party

**SPD:** centre-left, social-democratic party

**Grüne:** centre-left, green party

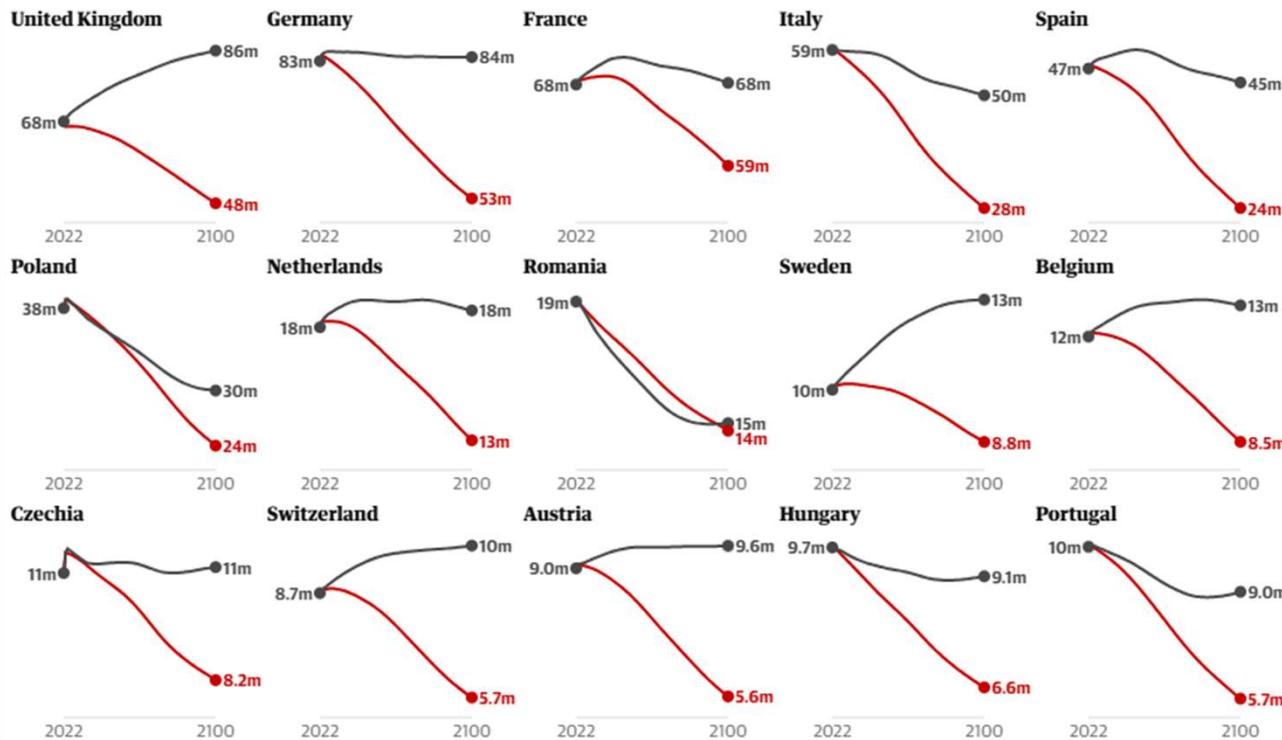
**AfD** (Alternative für Deutschland): right-wing, national-conservative party

**Linke:** Left-wing socialist party



## Europe faces large population declines without immigration

Population projections across Europe, scenario **with migration** versus scenario **without migration**



Guardian graphic. Source: Eurostat population projections, UK Office for National Statistics. Scenario with migration is based on a country's average net migration levels from up to 20 years ago, depending on data availability. Scenario without excludes this input in the projection model and is based on natural population dynamics

Show more

[Europe's population crisis: see how your country compares – visualised | Migration | The Guardian](#)