

Economy of Germany, China increasingly interdependent: study

BERLIN, March 19 (Xinhua) -- The rapid growth of bilateral trade and the increasingly closer economic ties between Germany and China during the past 20 years has led the two countries' economic interdependence to an unprecedented level, a study showed on Tuesday. The study, conducted by the research institute Prognos with the entrustment by the Bertelsmann Foundation, centered on a comprehensive analysis of German-Chinese trade relations. "The Germany-made machinery products play a key role for China's industry, while China is the most important supplier of consumer goods to Germany," said Helmut Hauschild, director of the Germany and Asia Program under the Bertelsmann Foundation. "This high level of interdependence gives a strong impetus to the governments of both countries to make even greater efforts to forge closer cooperation to create the market's openness and equal condition of competition for both German and Chinese firms," said Hauschild. According to the study, the Chinese industry has relied heavily on the import of German machinery. The study noted that the Germany-China interdependence has reached such a high degree that the Chinese economy would face difficulties if some of its strategically-needed machinery products from Germany fall in short supply, since many of the German machines are used in industries which account for a large proportion of China's production of exports. In the meanwhile, Germany counts more and more on the import of China-made textiles and clothing, as the market share of China's textile has climbed to over 31 percent by now, in comparison to mere 7 percent in 1992. Germany's dependence on China-made computers, laptops and other business items has also kept increasing drastically, with its share in Germany's market rocketing to current 44 percent, from less than 1 percent in 1992. Looking ahead into the future, the study anticipated some changes to Germany-China trade relations and patterns, as Chinese firms continue with their drive to reach the world's top level in high-tech sectors. The intra-industry trade will play an important role in German-Chinese trade, according to the study. The trend means that more and more German firms will directly face competition from their Chinese counterparts. To maintain their success in the Chinese market, German companies should keep their technological advantage and diversify their business sphere, said Hauschild. "The study shows that the German economy needs to invest more in research and development so as to survive in the long run in the face of the competition from China," said Hauschild.