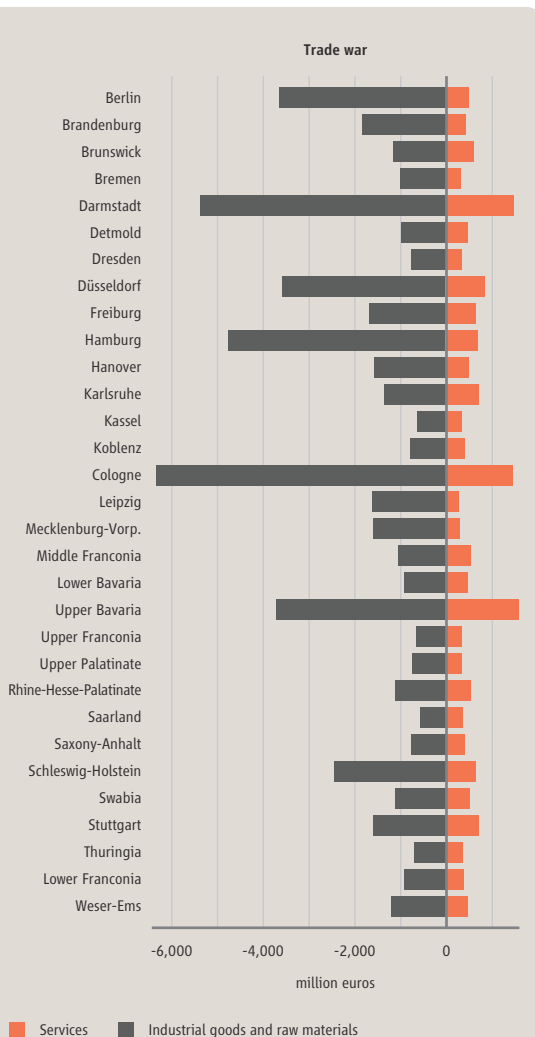


Transatlantic Cooperation instead of Trade War



Changes in production in Germany's administrative districts relative to the status quo (2019)



Note: Long-term impacts of the trade war scenario.

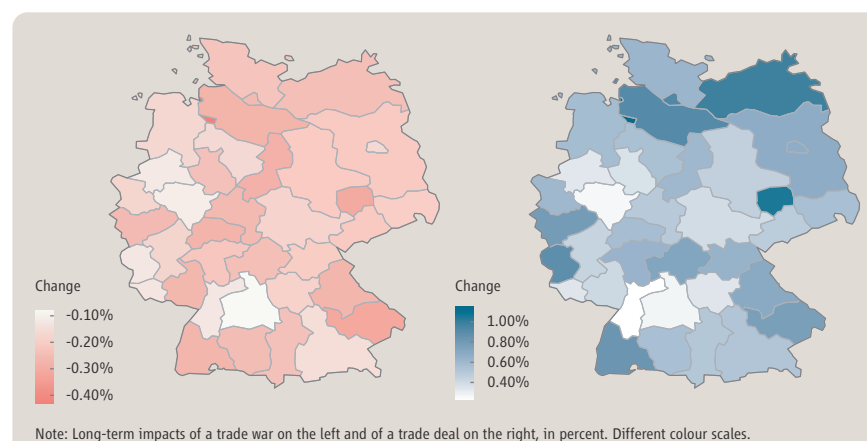
Recommended actions for Europe

- Reaching a trade deal as the ultimate goal**
The choice is not between the status quo and an agreement, but between escalation and a deal.
- Showing willingness to negotiate**
On average, the EU has higher trade barriers against the US than vice versa; it must therefore be prepared to meet the US halfway and make concessions.
- Demonstrating strength in the event of a "no deal"**
The EU must announce credible countermeasures and implement them if necessary; it should leverage its power as a service market.
- Making institutional preparations**
EU member states must act in unison.

The key statements

- Germany would benefit greatly from a trade deal:**
GDP growth of 30–35 billion euros per year.
- The US is dependent on products and components made by German hidden champions:**
The tariff dispute should therefore be resolved as quickly as possible in the interests of both sides.
- As an export-orientated economy, Germany is generally more vulnerable than other EU countries:**
Overall, however, the EU too stands to suffer greater losses than the US. Under the 50% tariff scenario of 23 May 2025, German exports to the US would plummet by 50.4% and those of the EU as a whole by 44.8%.
- Extreme regional differences within Germany:**
The biggest losers in a trade war would be Cologne, Hamburg and Darmstadt. Bremen could increase its economic output by 1.2% if a deal is reached (twice as much as the German average).
- Three key sectors are particularly at risk:**
The automotive, mechanical engineering and pharmaceutical industries would suffer the greatest losses in a tariff war.

Change in GDP in the event of a tariff war or trade deal relative to the status quo (2019)



The impact on all regions in Europe, based on four different scenarios, is illustrated in this interactive graphic:



The data is taken from the study **"Transatlantic Cooperation instead of Trade War"** prepared by a team of researchers led by Prof. Gabriel Felbermayr, PhD, for the Foundation for Family Businesses.

To the study



The Foundation for Family Businesses is the most important research sponsor for the topic of family businesses in Germany and Europe. It is a primary point of contact for politicians and the media in matters related to economic policy, legislation and taxation.

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