# Discouraging Protectionism And Promoting Free Trade: The Federal Republic Of Germany

One of the most important choices facing existing economies is whether to adopt protectionism or free trade. That is, whether or not to impose high taxes on foreign products and services or to encourage foreign product into the country with minimum taxes. The Federal Republic of Germany acknowledges the consequences of protectionism and free trade to its economy. As the world's fourth-largest economy and Europe's largest, with a GDP of US$3.7 trillion, Germany accounts for around 7 per cent of the global trade. It is the third-largest exporter with products and services exports worth US$1.6 trillion. Many sections of the German economy are heavily dependent on trade. With a degree of openness of 84.8%, Germany is the most open economy of the G7 countries. The Federal Ministry for Economic Affairs and Energy, therefore, advocates open markets that are guided by clear rules.

Unfortunately, in spite of diverse achievements, the German economy faces another threat. The German economic growth is going down as a consequence of the worldwide trade conflicts like high tariffs on steel and aluminum shipments and imports of German cars. As a result, Germany's industrial output dropped 1.5 per cent and is now decreased to 5.2 per cent. As a result, this could potentially push the country toward a recession. As Europe's biggest exporter and with more than 1 million German jobs at stake, Germany is taking various measures to solve this problem. For this reason, Germany is working with Japan to promote free trade, while supporting a rules-based international order by signing a Free Trade Agreement (FTA) between Japan and the EU.

The German government, as a member of the EU, is working on various other solutions to discourage protectionism and promote free trade. As a member of the World Trade Organization (WTO), the EU has signed the Information Technology Agreement (ITA) in 1997 which lowers all taxes and tariffs on information technology products to zero. In addition, negotiations to reduce barriers to trade for environmental goods have also been started. Furthermore, the German automotive industry is negotiating with India and South Korea to eliminate tariff barriers on the imports of automobiles. A Comprehensive Economic and Trade Agreement (CETA) was negotiated with Canada which eliminates tariffs on industrial goods. Finally, we believe that there are yet important solutions that must be focused upon to solve the problem of protectionism and promote free trade. We urge the international community to establish a surveillance mechanism to track any new protection. A global surveillance mechanism, operated by the WTO would stiffen national leaders to resolve to reject calls for protection. To promote free trade, Germany is willing to participate in selected trade fairs and exhibitions abroad. For instance, the Federation will cover part of the costs of joint exhibition stands operated by several small-sized enterprises together, to allow these to be involved in trade fairs abroad and gain access to new markets.

## Sources:


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