EUROPE BETWEEN TRUMP & XI

Speaker: Dr. Dirk Schumacher, Chief Economist, KfW Group

Set against an increasingly divided global economy, the session examined how the balance of power between the United States and China continues to influence trade, investment and competitiveness. It also explored how these shifts are affecting Europe's economic outlook, and why resilience, adaptability and strategic independence are becoming more important in a less predictable global environment.

A key message was that globalisation is not disappearing, but it is changing. Trade is becoming more regional, more politically influenced and less efficient. This creates challenges for Europe, which has historically benefited while protecting competitiveness.

This complexity is particularly visible in Europe's energy dependence, which remains a structural vulnerability, while China's dominance in manufacturing continues to shape global market dynamics. At the same time, technology and artificial intelligence are supporting ongoing demand and economic activity, suggesting that the global economy remains resilient despite significant geopolitical pressure.

Key takeaways

• The global economy is becoming more fragmented, which may reduce efficiency and increase costs.

• Trade patterns are shifting towards regionalisation, rather than a complete reversal of globalisation.

• Europe remains exposed to global shocks due to dependencies in energy, supply chains and manufacturing inputs.

• China's industrial and manufacturing strength continues to play a major role in shaping global markets.

"THE GLOBAL ECONOMY SEEMS MORE RESILIENT THAN MANY HAD EXPECTED."

Dr. Dirk Schumacher, KfW Group

• Technology and AI are supporting continued demand and economic activity, even in a more uncertain environment.

• Europe needs to actively manage dependencies while strengthening competitiveness and resilience.

Overall insight

Europe is operating in a less predictable global economy, where resilience and competitiveness must be considered together. The challenge is not simply to reduce dependency, but to manage exposure to global shocks while remaining adaptable, open and economically strong.

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Speaker Biography

Dr Dirk Schumacher is Chief Economist of KfW Group and Head of KfW Research. Prior to this, he was Head of the European Macro Research Team at the French investment bank Natixis in Frankfurt and Paris for seven years. Before joining Natixis, he spent 17 years in the economics department of Goldman Sachs in Frankfurt and London and one year in the economics department of the European Central Bank. Dr Schumacher completed his doctorate under Axel Weber at the Centre for Financial Studies, which is affiliated with the University of Frankfurt.

In his role as Chief Economist, he and his team analyse relevant trends in the economy, society and financial markets and bring valuable insights to the economic and financial policy debate. At the centre of the analyses are the economic dynamics and long-term growth prospects of the German economy. A particular focus is placed on SMEs and the role that innovation and digitalisation play in increasing competitiveness. Dr Schumacher also focuses on the German economy's international connections, both within Europe and with the rest of the world.

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Thank You to our Keynote

Dr. Dirk Schumacher
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