

Sabine Mauderer: Building bridges – dialogue in a changing world

Speech by Dr Sabine Mauderer, First Deputy Governor of the Deutsche Bundesbank, at the 11th China Day, Frankfurt am Main, 17 November 2025.

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1 Welcome

Ladies and gentlemen,

It is a great honour and a privilege to speak to you here today.

Since we met last year, the world has experienced developments that I would not have anticipated in that scale. We are all aware of the multiple challenges we are facing. Increasing uncertainty and tectonic shifts have reshaped the global landscape and are weighing on the economy worldwide.

Both China and Germany are facing significant economic challenges. China is experiencing moderate growth compared to its historically rapid economic expansion, while Germany is navigating a period of stagnation.

Amid these developments, I would like to highlight three key issues that our countries share and could address together:

- the geopolitical and geoeconomic dynamics,
- the urgent consequences of climate change,
- and the profound demographic shifts.

These are not isolated issues—they are global challenges that call for a collective response.

2 Geopolitical shifts—resilience through cooperation

The geopolitical environment is becoming increasingly complex and challenging. Uncertainty has grown to become a defining feature of our time, casting a shadow over the global economic landscape. The disruptions we have witnessed in recent years—whether in international relations, supply chains or energy markets—serve as reminders of how interconnected and, at the same time, how vulnerable we are.

Thus, the call for resilience has become a central theme of our time. For countries and regions, enhancing resilience is not just prudent—it is essential. Strengthening our ability to adapt to shocks and disruptions is a necessary step for safeguarding our economies and societies.

However, true resilience is not built in isolation. Therefore, what's equally important—if not more so—is the need to sustain an open and constructive dialogue. Such dialogue fosters mutual understanding, reduces tensions, and paves the way for collaborative solutions.

This spirit of collaboration is particularly vital when it comes to trade. Free trade is a key driver of economic growth and, as such, a cornerstone of global prosperity. Without free trade, all parties stand to lose. However, for trade to thrive, certain preconditions must be met.

First and foremost, we need open markets that enable the free flow of goods and services. The availability of input factors from abroad allows us to leverage the benefits of the international division of labour. Resilient supply chains, thereby reduce vulnerabilities and secure future growth.

One potential source of disruption lies in the imbalance between supply-side and demand-side dynamics. With integrated markets, domestic policies have spill-over effects on other countries and affect global outcomes.

Against this background, all countries have a responsibility as well as a natural interest to evaluate the impact of their policies on trade imbalances, and how policy adjustments foster a more prosperous global trade architecture.

Second, we have to ensure a level playing field—one that is characterised by rules-based and fair competition. By jointly acting under this setting, we promote free trade in the most effective way, advancing comparative advantages. It is in our collective interest to build and to improve on our multilateral frameworks. They are essential to bring our economies to more sustainable paths—with the benefit for the global system.

3 Climate change—a shared responsibility

Let me turn to climate change, which is one of the most pressing challenges of our time.

Both China and Germany are determined to protect the climate. China has established itself as a global leader in clean tech, setting a strong example for innovation and sustainability. Germany is a leading innovator in net-zero technologies and a global player in its production. One example is hydrogen production equipment.

The effects of climate change are far-reaching, posing serious threats not only to economic prosperity but also to human lives and the ecosystems that sustain us. The evidence is all around us: Extreme weather events—such as floods, droughts, and wildfires—are becoming ever more costly. Managing climate risks is not merely an environmental issue—it is integral to building economic and financial resilience.

Disrupted supply chains, threatened food security, and the immense costs of recovery place a significant strain on both public and private resources.

To be clear: The economic cost of climate inaction is far too high. Climate change already represents a major source of tail risk to global growth in the near term. For example, GDP losses could reach 5% in Europe, 6% in Asia, and up to 12.5% in Africa

in the aftermath of extreme weather events. These are findings from recent short-term scenarios developed by the Network for Greening the Financial System, in short NGFS.¹

The NGFS—which I have the honour to chair—is a prime example of effective collaboration. What began with just eight founding members—including the People's Bank of China and the Deutsche Bundesbank—has now grown to become a global coalition of 148 members, supported by 23 observers. This shows that the NGFS is a coalition of central banks and financial supervisors, demonstrating the power of cooperation.

4 Demographic challenges—shaping the future

The third key link between China and Germany is demography. Both countries are facing significant challenges related to ageing populations. The number of retirees is on the rise, while the working-age population is stagnating or even shrinking.

This demographic shift presents a wide range of economic and social challenges. These include rising pension claims, increasing healthcare costs and the need to adapt labour conditions to an ageing workforce.

The implications of these changes are profound. A rapidly ageing population negatively impacts productivity and economic growth. At the same time, it places increasing pressure on pension systems. Both of our countries face the challenge of making their pension systems future-proof, with state-funded pensions playing a central role in providing security for retirees.

In Germany, the pension system is primarily based on a pay-as-you-go model, where contributions from employers and current workers are directly used to pay pensions to retirees. However, with an increasing ratio of pension recipients to contributors, this system is coming under significant strain.

One approach is fostering capital market elements to complement the German state-funded system. The aim is to incentivise people to build long-term assets by taking advantage of the higher returns offered by capital market instruments compared to low-interest savings accounts.

One initiative is the "Frühstart-Rente", or "early start pension". Under this programme, the German government plans to support private pension schemes for pupils aged 6 to 18 by contributing ten euros each month. Although the direct impact will be limited, measures like these foster early financial literacy and encourage long-term savings habits.

China, too, is taking steps to address demographic challenges. For instance, this year marked the beginning of efforts to raise the retirement age. Bundesbank also stresses the need to work longer.

Turning back to China, a pilot project on retirement-focused wealth management products is set to be expanded. The aim here is to build a more robust market for private retirement savings. By sharing experiences, China and Germany can develop more effective and future-proof approaches.

5 Conclusion

Ladies and gentlemen,

Let me conclude:

We live in a time of profound global challenges. The issues we are facing are complex, interconnected, and urgent. Not a single country can tackle these issues alone!

It is imperative that we maintain and strengthen an open and constructive dialogue. Everyone stands to lose if we fail to uphold the principles of cooperation, free trade, and mutual understanding.

But it is not just about preventing bad outcomes. Within these challenges lie opportunities:

- free trade remains a cornerstone of global prosperity,
- the fight against climate change is fostering innovations,
- and sound pension systems contribute to social cohesion.

China and Germany can set good examples!

Thank you.

[¹ NGFS Short-term Climate Scenarios for central banks and supervisors | Network for Greening the Financial System](#)