

# Joachim Nagel: Priorities and challenges for Europe in a changing world

Keynote speech by Dr Joachim Nagel, President of the Deutsche Bundesbank, at the New Year's Reception of AmCham Germany, Frankfurt am Main, 16 February 2026.

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## 1 Introduction

Ladies and gentlemen,

I am honored to have the chance to address you here, at the New Year's Reception of the American Chamber of Commerce in Frankfurt. The AmCham has always served as a vital bridge between Germany and the United States, fostering collaboration and understanding between our two nations.

The Mexican novelist Homero Aridjis once said: There are centuries in which nothing happens and years in which centuries pass.<sup>1</sup> He had in mind the year 1492, when Columbus discovered the American continent. Today many may have a similar feeling of compressed time, a feeling that our world is rapidly changing. In a certain sense, we are also rediscovering America, an America that behaves differently than in the past. All this is challenging for our economic and political future. We cannot rely on transatlantic cooperation and the rules-based international order to the same extent as before.

In my speech, I would like to highlight economic perspectives for Europe in this new geopolitical reality. How should Europe adapt to these changes? But before I do so, let me briefly touch upon the economic significance of transatlantic relations and outline their current state.

## 2 Economic dimension of transatlantic relations

Let's look at our trade relationship. The United States is the largest export market for Germany and the European Union. Nearly 20 percent of German exports to non-EU countries go to the United States. The figure is much the same for the European Union as a whole. The relationship is mutual, since the European Union is the largest trading partner of the United States, and Germany alone is among the top five. Notably, the United States stands out as the leading provider of digital technologies such as artificial intelligence, various digital services, and online retail payment solutions to the European Union. This partnership is essential –not just for our individual economies –but for the global economy as well. Combined, the European Union and the United States account for 30% of global trade and 44% of global GDP.

Moreover, the mutual stock of direct investment between the European Union and the United States amounted to 5.4 trillion euro in 2023. EU foreign direct investment in the United States is more than five times the size of EU investment in China and India put together. Total US investment in the European Union is even ten times higher than its

investment in those two countries. These investments reflect not only the opportunities and advantages presented by economic exchange, but also the mutual trust and collaboration established in the past.

Trust and collaboration have grown on common values, under an umbrella of common security. This is also where institutions like the American Chamber of Commerce in Germany play an indispensable role. By bringing together businesses, policymakers, and civil society, they contribute to maintaining the dense network of personal and professional ties that underpin the transatlantic partnership.

### **3 Current state of affairs**

These days, however, the previously solid ground of the transatlantic partnership values seems shaky. And the umbrella giving us security looks much less durable than before. The US administration seems to be doubting that a strong commitment to the previous form of multilateralism will benefit the country as much as it used to. It has embarked on a tremendous change of course.

What goes around, comes around. The European Union's recent political agenda places significantly more emphasis on Europe's strategic priorities. To be fair, we should also acknowledge that some criticism from the United States is justified. Indeed, the European Union should be willing to address its own weaknesses. And that process is already underway. The European Union is necessarily –and rightly –rethinking its economic policies. It is adapting to a world that has changed.

### **4 Priorities for Europe**

Despite protectionist headwinds, Europe strongly believes in the benefits of mutual exchange and of open rules-based trade. However, as an economy deeply integrated into global trade and value chains, Europe is greatly affected by geoeconomic fragmentation. This process has contributed to slowing economic growth and decreasing competitiveness over the last couple of years. We in Europe have to take decisive measures to boost our economic dynamics. Such measures should not only aim at securing export markets, but also at exploiting the huge potential of the European internal market. Let me discuss three of them.

First, rules, regulations and bureaucratic costs hamper growth and investment in Europe. With rules and regulations in mind, it is, of course, not their mere existence that causes problems. It is their extraordinary complexity and rigidity. The reports by Enrico Letta and Mario Draghi call for a simplification of regulations in the European Union to enhance the competitiveness of the European economy.<sup>2</sup> Simple, digital solutions that work identically throughout the euro area, that is what businesses and citizens long for as well.

So, we have to simplify the rules. Or at least, Member States need to do their share by implementing these rules as they are instead of gold-plating them. Meanwhile, the European Commission has taken the initiative to streamline regulations and lighten the administrative load.<sup>3</sup> Similarly, financial regulation can be simplified, while maintaining stability. In line with the initiative of the Commission, the Governing Council of the

European Central Bank has established a High-Level Task Force dedicated to simplifying financial regulation and banking supervision. I am a member of this Task Force.

Second, we need more investment in our energy and digital infrastructure, especially regarding renewables and artificial intelligence. A stronger common market for energy and artificial intelligence will support resilience and growth. Achieving these objectives will not be possible without more private investment in Europe, which in turn calls for more financing. The Savings and Investments Union is a unique opportunity to meet these needs, and we cannot pass it up.

We have had the single market in the European Union for more than 30 years already, yet a high degree of economic fragmentation still remains. So far, progress on financial integration in the euro area has been particularly limited. This is putting a strain on the EU economy as a whole and, in particular, on the development of young and innovative EU companies. Thus, we can gain a lot by deepening European capital market integration. In particular, high savings in Europe could be better channelled into fostering innovation, productivity and competitiveness. In the past year, the European Union has made significant strides in establishing the Savings and Investments Union, although the process is still in its early stages and many measures are still in the legislative process.

Third, we should channel efforts into supporting the international role of the euro. This includes making Europe more independent in terms of payment systems and solutions.<sup>4</sup> Currently, the Eurosystem is working hard on the introduction of the digital euro –a retail central bank digital currency, or CBDC. This will be the first pan-European retail digital payment solution, based solely on European infrastructures.

Furthermore, we have already accomplished important exploratory work on the possible introduction of a wholesale CBDC. Notably, a wholesale CBDC would allow financial institutions to make programmable payments in central bank money. I also see merit in euro-denominated stablecoins, as they can be used for cross-border payments by individuals and firms at low cost.

Overall, the aforementioned goals –simplification of regulation, advancing the Savings and Investments Union and a stronger international role of the euro –constitute an ambitious programme. However, I regard this programme as essential to successfully overcoming the current challenges.

## **5 Concluding remarks**

Ladies and gentlemen,

let me conclude. Will 2026 or 2027 be years in which centuries pass, as the novelist Homero Aridjis argued? We do not know yet. I am sure entering into the new geopolitical and geoeconomic reality will be challenging for Europe.

But we in Europe can make use of our strategic strengths: our huge internal market, our single currency, and our strong trade relationships around the globe that are built on mutual trust and cooperation. Despite strong headwinds, Europe is not willing to abandon its commitment to multilateralism.

In my view, we should do what we can on our side to uphold transatlantic cooperation. Irrespective of difficulties, it is crucial that we remain in dialogue, that we seek common solutions. Having been founded in 1903, the American Chamber of Commerce in Germany has already survived several crises in transatlantic relations –to which Germany has contributed a considerable part. The American Chamber of Commerce in Germany is therefore itself a good example of such dialogue that is maintained even during difficult periods.

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<sup>1</sup> Scott, D.C., [Mexican Novelist Sees 1492 As 'A Year of Centuries'](#), The Christian Science Monitor, 11 October 1991.

<sup>2</sup> Draghi, M. (2024), [The future of European competitiveness](#); Letta, E. (2024), [Much more than a market](#).

<sup>3</sup> [Simplification –European Commission](#)

<sup>4</sup> ECB, [The international role of the euro](#), June 2025.