Tomorrow's Affairs
Analysis of today
Assessment of tomorrow

By: Dalia Marin

China's economic expansion is reshaping Germany's political landscape

September 6, 2026, could mark a turning point in Germany's postwar political history.

In the Saxony-Anhalt state election, the far-right Alternative für Deutschland (AfD) came within three seats of an absolute majority, winning 43.8% of the vote—more than twice its share in the 2021 election.

The AfD's gains came at the expense of the center-right Christian Democratic Union, the state's incumbent governing party and the party of Chancellor Friedrich Merz, which won just 17.2%, down from 37.1% in 2021.

There is no shortage of explanations for the surge in support for the AfD in parts of Germany.

Immigration, cultural conflict, and distrust of the political establishment are among the most cited—and for good reason.

But the economic factors fueling the AfD's rise have so far received much less attention.

Saxony-Anhalt has endured profound economic challenges in recent decades. Reunification brought the collapse of East Germany's industrial base, destroying millions of jobs and causing large numbers of younger workers to relocate, leaving the region with one of the country's oldest and fastest-shrinking populations.

After more than three decades of economic deterioration, however, Saxony-Anhalt appeared to be recovering.

But this upturn has stalled. Saxony-Anhalt's economy has contracted since 2021, bringing GDP close to its 2013 level.

Pressure from Chinese exporters

Intensifying competitive pressure from Chinese exporters is now threatening to make matters much worse. Saxony-Anhalt's imports from China increased by 87% in 2024, reaching 20% of the state's total imports, and by a further 46% in the first nine months of 2025.

This China shock is not confined to Saxony-Anhalt. Germany's economy has stagnated since 2019, with output increasing by only around 0.12% annually, on average, in 2020–25.

During this period, Chinese producers claimed an expanding share of the global market for advanced manufacturing products, such as automobiles and machinery, which were once central to Germany's export model.

> Neither state can afford the added pressure generated by China's growing dominance in the industries that have long formed the backbone of their economies

But the effects are not felt equally across regions. Consider the southwestern state of Baden-Württemberg, home to automotive giants such as Mercedes-Benz and Porsche, major suppliers like Bosch, a dense network of specialized engineering companies, and globally competitive Mittelstand companies, including the laser technology group Trumpf and the engineering company Dürr.

While Baden-Württemberg remains one of Europe's most important industrial regions, many of the mainstays of its economy are directly exposed to intensifying Chinese competition.

The western state of Rhineland-Palatinate—a hub of chemical and pharmaceutical production, exemplified by companies like BASF and Boehringer Ingelheim, as well as automotive suppliers and machinery manufacturers—is similarly exposed.

At a time of weak domestic demand, high energy costs, structural changes in the automotive industry, and a global trade slowdown, neither state can afford the added pressure generated by China's growing dominance in the industries that have long formed the backbone of their economies.

Industrial crisis

Baden-Württemberg and Rhineland-Palatinate look very different from Saxony-Anhalt, economically and demographically.

But the prosperity of all three depends heavily on industries exposed to Chinese competition.

It is probably no coincidence, then, that the AfD has also made major electoral gains in Baden-Württemberg, nearly doubling its vote share to 18.8% in March, and in Rhineland-Palatinate, securing 19.5% of the vote two weeks later.

Not surprisingly, support for the AfD was higher among industrial workers than among the broader electorate: 61% in Saxony-Anhalt, 37% in Baden-Württemberg, and 39% in Rhineland-Palatinate.

The center-left Social Democrats (SPD), long the party of Germany's industrial workers, suffered major losses.

> Industrial crisis, exacerbated by an intensifying China shock, creates fertile ground for political extremism

In Rhineland-Palatinate, the SPD was ousted after 35 years in government, while in Baden-Württemberg it only narrowly retained parliamentary representation.

For most of its history, the AfD had been viewed as a creature of eastern Germany, and the party's eastern roots may go some way toward explaining why it made its biggest breakthrough in Saxony-Anhalt.

But, in view of rising support in western Germany, this outcome should be viewed as a warning, not an outlier.

Industrial crisis, exacerbated by an intensifying China shock, creates fertile ground for political extremism.

The China shock

None of this is to say that Chinese imports automatically lead to votes for the AfD. Economic decline is only one of many forces that shape electoral outcomes.

But the pattern is too striking to ignore, especially since it has precedents elsewhere.

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Empirical research has shown a causal link between the China shock the United States experienced in the early 2000s and President Donald Trump's 2016 electoral victory, underscoring the political salience of trade-induced economic dislocation.

Against this backdrop, treating the China shock as simply an economic story would be a mistake.

For decades, Germany's stability rested on an implicit bargain: high-value manufacturing would provide good jobs, strong export revenues, and broad-based prosperity, which political institutions would translate into social cohesion.

Competition from China shakes that bargain to its foundations.

The risk is not simply that Germany loses market share in automobiles, chemicals, or machinery.

It is that the regions most exposed to the transformation will lose faith in the political system that has for so long maintained stability.

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