



Cooperation and co-existence of political systems

Mercedes-Benz



In recent years, we have seen rising global networking and integration and dynamic economic development in countries that once had little or no role in the global market. At the same time, it became apparent that not all countries follow the principles of a market economy or democracy.

A model for cooperation is needed for these countries to provide companies with guidelines and reliability for their international business.

According to the Democracy Index of the Economist magazine, in 2021 45.3% of the world's population lived in a Democracy, while 36.9% lived in a dictatorship or autocracy. Fifteen years prior, the figures were about three percentage points higher for democracies and four percentage points lower for autocratic regimes.

Some countries that are considered to be authoritarian systems have moderate or even high importance for the global economy in the areas of trade, raw materials and the development of certain technologies. The long-standing maxim "Wandel durch Handel" ("Change through trade"), according to which countries with different systems should be motivated to adopt a more western set of values by closer commercial ties, is no longer valid in its original definition. The time has come to see it through a different lens, asking for a different and modified approach. This necessitates the creation of a suitable model for cooperation.

- **Distinct forms of partnership needed**

When defining the type and level of political and economic relationships, a distinction can be made between democracies, autocracies with rules of conduct and autocracies without such rules. The economic relationships have to be tailored to the respective manifestation of the political landscape. When working with countries that do not have a market economy or democracy in place but act on a rules-based system, we urge for a constructive look at the respective approaches. Wherever possible, responsible cooperation and co-existence should remain in focus.

- **Value-based systems and universally recognized standards as guidelines**

Mercedes-Benz acknowledges its social responsibility, is committed to protecting human rights and workers' rights, and considers itself a proponent of the social market economy as well as a rules-based world economic order. As an international company with global value chains, we assume joint responsibility and stand up for European values and universally recognized standards - whether conducting business at home or abroad.

- **Economic relationships with China**

The need for a modified relationship also includes China. Already today, one in three vehicles in the world is sold in China, and the market still has a great growth potential. Moreover, the Chinese economy is well advanced and a benchmark when it comes to digital solutions and electromobility. China is therefore not only an indispensable sales market for companies in the automotive industry in particular, but also offers access to research and innovations in important future areas – which in turn is crucial for the competitiveness of companies.