



## Germany's Scholz Visits China in Attempt to Strengthen Relations

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The German Chancellor's visit to China (14-16 April) was intended to help stabilise bilateral economic relations despite the EU, in particular the European Commission, policy of reducing dependence on China (derisking). The meeting also was an opportunity to discuss China's support for Russia in the war against Ukraine and the situation in the Middle East. The Chancellor's visit was used, however, by the Chinese side to undermine the EU's derisking agenda and present a pro-Russian stance on the war in Ukraine.

### What were the circumstances surrounding the visit?

Scholz's trip took place as the European Commission is accelerating the [derisking process with China](#). The Commission is launching more proceedings against subsidised Chinese companies, including in the electromobility sector. Last year, the Commission launched proceedings against subsidised electric vehicle (EV) products imported from China to Europe, and a few weeks ago it made registration of EVs imported from China mandatory. When the proceedings that are expected to conclude in November confirm subsidised Chinese EVs, there will be punitive tariffs on Chinese-made cars imported into Europe as of 6 March this year. The Commission's action will directly hit large German car companies that produce EVs in China while also benefiting from Chinese subsidies. This follows Chancellor Scholz's caution about the sector, as well as other German concerns, concerning EU derisking with China. The Chancellor and the German corporations do not see, at least in the short term, an alternative to cooperation with China and fear possible Chinese retaliation for EU derisking. In this situation, they emphasise above all the need for free trade based on clear rules that are equal for both sides. The governing coalition is divided by attitudes toward China. The Greens and Foreign Minister Annalena Baerbock are more critical of China. Germany's small and medium-sized businesses are also ready to diversify their economic partners and become independent of China.

### What were the Chancellor's goals for his visit to China?

The most important aim of the visit was to stabilise bilateral relations, with a special emphasis on economic cooperation (China is Germany's largest trading partner). This is reflected in the composition of the delegation. The Chancellor was accompanied by the ministers of Environment, Digital Affairs and Transport, and Agriculture, as well as representatives of large corporations heavily involved in the Chinese market, including Mercedes, BMW, Siemens, and Bosch. The Chancellor's office and the business community stressed their willingness to cooperate, including in the automotive sector, rather than suffer possible protectionist measures, including the possible imposition of tariffs by the EC on electric vehicle imports from China. Germany's policy stems mainly from concerns about Chinese retaliation against German companies cooperating with and producing in China. In addition to strictly bilateral goals, Scholz also wanted to reinforce the EU's message opposing China's support for Russia in its aggression against Ukraine.

### Did Germany and China make a deal?

An agreement was reached to increase imports of German goods by opening access to the Chinese market for beef and apples, as well as the possibility of Germany obtaining approval to export pork to China (at a later date). Minister of Digital Affairs and Transport Volker Wissing signed an

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agreement with his counterpart on dialogue and cooperation on autonomous vehicles, including the data they process. Germany and China also agreed to launch a dialogue on climate change and the energy transition, the first session of which will be held this June, as well as to establish a joint working group on reducing emissions from coal combustion. Chancellor Scholz pointed out the need for China to trade fairly under WTO rules, including in the context of excessive corporate subsidies or overproduction, but did not obtain binding commitments from the Chinese side on this issue.

## How did the conversation on the war in Ukraine progress?

Chancellor Scholz stressed the negative consequences of China's [support of Russia](#) for Sino-German and EU-China relations. He wanted to a declaration from Xi on China's participation in the planned international peace conference in Switzerland, but it was only agreed that the two countries would discuss issues related to the organisation of the peace talks. The head of the German government also expressed hope that China would influence Russia to end its aggression, stop supplying it with [dual-use items](#), and—as a permanent member of the UN Security Council—actually respect the territorial integrity and sovereignty of Ukraine. Despite these efforts, in a statement issued after the meeting, the Chinese Foreign Ministry blamed the U.S. and the EU for exacerbating the conflict in Ukraine. At the same time, it indicated that China seeks a ceasefire and the [start of](#)

[international negotiations](#) with the participation of all parties involved, including Russia.

## Will the visit have an impact on EU-China relations?

Scholz's approach may weaken the pace of derisking, especially at a time when the EU is embarking on a long process of institutional change related to the European Parliament elections. The Chinese side will use the Chancellor's conciliatory stance to reinforce the message that derisking is harmful to the EU, emphasising the protectionist nature of dealing with Chinese EVs. Germany's opposition to the policy was included in the Chinese Foreign Ministry's communiqué after the Xi-Scholz meeting. China is also trying to present economic cooperation and exports of its products to the EU as measures to counter inflation in European countries. Xi will want to achieve a similar effect during his visit to France in May. Scholz's approach, though, does not negate the concept of derisking nor the threats China poses to EU security and the development of European industry. The Chancellor stressed the need to avoid economic dumping by China, protect German intellectual property rights, and diversify supply chains. However, he is not in favour of what he views as radical EU measures (such as imposing tariffs), seeing a solution in cooperation with China. This may translate into a weakening of the new European Commission's momentum regarding China. However, it should not change the EU's attitude toward systemic competition with China.