

Scholz in China - Big Gestures, Small Effects?

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In 2019, she spent her gap year in Malaysia, which aroused her interest in Southeast Asian history and politics. To brighten her understanding of Asian cultures and political relations, she studied as an exchange student at the Department of Political Science at National Chengchi University in Taipei, Taiwan. In the next academic year, she will pursue her master's studies in the dual degree program between SciencesPo Paris and Peking University in the field of International Security.

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Chancellor Scholz's recent visit to China has attracted much attention and is a focal point for assessing the complex relationship between Germany and China. However, a closer analysis reveals a complex web of economic interests and geopolitical considerations that underline the challenges and opportunities of this important partnership.

From April 13 to 16, the German chancellor Olaf Scholz travelled to China with several ministers and the most prominent faces of German business. The delegation travelled through China for three days and visited German companies on site. Throughout the journey, economic interests consistently took center stage, shaping the overarching narrative of the visit.

Shortly before returning home, an action plan on environmental protection and the avoidance of plastic waste, a memorandum of understanding on cooperation in the field of automated driving and an agreement on the import of German beef and apples to China were signed. It's evident that one could say "apples for pears". Because in his statement, Chinese Premier Li Qiang mentioned the additional import opportunities for food from Germany, while in return he calls for fewer restrictions on Chinese high-tech products. This is because China is massively exporting subsidised E-cars, wind turbines and solar technology to Europe, posing a challenge to European industry and prompting the EU Commission to intervene.

In this context, it is worrying that the German business delegation's visit to China is primarily focused on flourishing trade, ignoring concerns about long-term geopolitical risks and the security of European companies. Years ago, Beijing initiated a comprehensive plan targeting the market economies of the West. At first, it systematically syphoned off technological expertise. Now it is trying to drive Western companies out of the market with heavy subsidies and replace them with either state-owned or private Chinese companies. There should no longer be any doubt about this, at least since Premier Li Qiang uttered this sentence to Scholz: "Adequate overcapacity serves full competition and the survival of the fittest." Many German industrialists, especially the larger ones, still believe that the main risk is not investing enough in the world's second-largest economy, which has ambitions to become the world's largest. Nevertheless, there are currently no fewer than 5,000 German companies operating in China. However, German companies, which are well-equipped for reasonably fair competition, are defenseless against this major onslaught without political help. This is particularly true for the German "Mittelstand" companies. While the car industry is largely transparent about cars sold, profits and losses, smaller, often family-run companies are more likely to secretly come under China's thumb. Following that, they will disappear quietly.

"De-risking"? Gladly. But not by restricting trade with China. And what if the People's Republic were to incorporate Taiwan in the near future and following the Americans were to impose sanctions that would directly or indirectly affect their companies? The idea doesn't seem to bother anyone. Since the population will support the big companies with taxpayers' money, as we saw with COVID or at the beginning of the

Russian war of aggression, “Mittelstand” -medium-sized companies will probably not be that lucky. Unilateral economic agreements could lead to long-term dependencies and risk the sovereignty of European states. It is crucial that Germany's economic relations with China not only focus on short-term economic benefits, but also consider the long-term political and security implications.

As Mr. Scholz said in 2022 after the Russian invasion, we were at a “Zeitenwende”—a turning point. It meant the end of “Wandel durch Handel”, the German political theory that autocracies would inevitably become more liberal through trade with Western democracies. This also included China, which is why the government released the new China Strategy in 2023. The recent trip begs the question: where has this so often described “Zeitenwende” - turning point gone? It’s evident that those who ignore long-term risks in favour of short-term gains risk repeating the mistakes of the past. A balanced approach is needed that takes into account the long-term interests and security concerns of Germany and the EU.

In March 2023, Ursula von der Leyen, President of the European Commission, stressed the need to “minimise the risk” in relation to China. However, Chancellor Scholz emphasised that Germany is not aiming to detach itself from China, but rather to diversify its dependence. This contradicts European and US interests in having less dependence on China.

In this way, Scholz has at least managed to counter the voices that see Germany as a vassal state of the US and a state that does not represent its own interests, as Scholz clearly demonstrated German interests on this trip. And it is fair to say that this was recognised very well by the Chinese. However, only time will tell if this is the best way to go.

When Xi visited Paris in March 2019, he was received at the Élysée Palace not only by Emmanuel Macron, but also by Angela Merkel and then-President of the European Commission, Jean-Claude Juncker. Two days before his 2024 visit, Scholz held talks with French President Emmanuel Macron, whose office said they had “coordinated to defend a reorientation of European-Chinese trade relations.” Nevertheless, it is telling that the German chancellor visited China in April 2024 without European representatives, three weeks before the Chinese president's state visit to France.

It seems that each country is more and more going its own way. Defending our own interests is indeed important, however, we must also anticipate the possibility of Trump being re-elected in the United States. As a result, we will have to deal with even more serious geopolitical concerns. And Europe, despite its economic strength, must realise that, more than ever, we can only face the conflicts of our time as united as possible. Neither Germany nor France will be able to tackle all the conflicts and challenges on their own. We Europeans risk being weakened if we do not act together. Only together can we counter China's strength and engage in dialogue on an equal footing.