# EU tariffs on China not a ‘punishment’, says German economy minister

Reuters

Proposed European Union tariffs on Chinese goods are not a “punishment”, Germany’s Economy Minister Robert Habeck told Chinese officials in Beijing on Saturday.

Habeck’s visit to China is the first by a senior European official since Brussels proposed hefty duties on imports of Chinese-made electric vehicles (EVs) to combat what the EU considers excessive subsidies.

China warned on Friday ahead of his arrival that escalating frictions with the EU over EVs could trigger a trade war.

“It is important to understand that these are not punitive tariffs,” Habeck said in the first plenary session of a climate and transformation dialogue.
Countries such as the U.S., Brazil and Turkey had used punitive tariffs, but not the EU, the economy minister said. “Europe does things differently.”

Habeck said that for nine months, the European Commission had examined in great detail whether Chinese companies had benefited unfairly from subsidies.

Any countervailing duty measure that results from the EU review “is not a punishment”, he said, adding that such measures were meant to compensate for the advantages granted to Chinese companies by Beijing.
“Common, equal standards for market access should be achieved,” Habeck said.

Meeting Zheng Shanjie, chairman of China’s National

Development and Reform Commission, Habeck said the proposed EU tariffs were intended to level the playing field with China.

At this butcher shop in Buenos Aires, workers slice a cut of beef,

Zheng responded: “We will do everything to protect Chinese companies.”

Proposed EU import duties on Chinese-made EVs would hurt both sides, Zheng added. He told Habeck he hoped Germany would demonstrate leadership within the EU and “do the correct thing”.

He also denied the accusations of unfair subsidies, saying the development of China’s new energy industry was the result of comprehensive advantages in technology, market and industry chains, fostered in fierce competition.
The industry growth “is the result of competition, rather than subsidies, let alone unfair competition,” Zheng said during the meeting.

The EU provisional duties are set to apply by July 4, with the investigation set to continue until Nov. 2, when definitive duties, typically for five years, could be imposed.
Habeck told Chinese officials the conclusions of the EU report should be discussed.

“It’s important now to take the opportunity that the report provides seriously and to talk or negotiate,” Habeck said.
After his meeting with Zheng, Habeck spoke with Chinese Commerce Minister Wang Wentao, who said he would discuss the tariffs with EU Commissioner Valdis Dombrovskis on Saturday evening via videoconference.

**CLIMATE DIALOGUE**
Although the trade tensions were a key topic to be discussed, the goal of the meeting was to deepen cooperation between both industrialised nations for the green transition.

This was the first plenary session of the climate and transformation dialogue after Germany and China signed a memorandum of understanding in June of last year for cooperation on climate change and the green transition.
The countries acknowledged they had a special responsibility to prevent global warming of 1.5 degrees Celsius (2.7 Fahrenheit) above pre-industrial temperatures, a level regarded by scientists as crucial to preventing the most severe consequences.

China installed almost 350 gigawatts (GW) of new renewable capacity in 2023, more than half the global total, and if the world's second-biggest economy maintains this pace it will likely exceed its 2030 target this year, a report published in June by the International Energy Agency (IEA) showed.

While Habeck praised the expansion of renewable energy in China, he noted that it is important not to look only at the expansion of renewables, but also the overall CO2 emissions.

Coal still accounted for nearly 60% of China's electricity supply in 2023. "China has a coal-based energy mix," Zheng said.

China, India and Indonesia, are responsible for almost 75% of the global total coal burned, as governments tend to prioritise energy security, availability and cost over the amount of carbon emissions.
Zheng said China was building coal-fired power plants as a security measure.

"I still believe that the enormous expansion of coal power can be done differently if one considers the implication of renewables in the system," Habeck replied