

German Chancellor Angela Merkel hopes US-China trade war will be over soon



German Chancellor Angela Merkel at a welcome ceremony with Chinese Prime Minister Li Keqiang before their meeting at the Great Hall of the People in Beijing yesterday. PHOTO: DPA

German Chancellor looks to start a new phase in EU ties with China at the summit next year

BEIJING • German Chancellor Angela Merkel said at the start of a visit to Beijing yesterday that the US-China trade war was affecting the whole world, and she hoped it would be resolved soon.

Germany's companies have been caught in the crossfire of the trade conflict and its economy - Europe's largest - contracted on weaker exports in the second quarter.

Leading economists say that Germany is facing a recession, especially after weak industrial data published this week.

But while US President Donald Trump has pressed American companies to look at ways to close their Chinese operations and make more products at home, Dr. Merkel wants to start a new phase in the European Union's relations with China.

"We hope that there will be a solution in the trade dispute with the United States since it affects everybody" in the world, Dr. Merkel told Chinese Premier Li Keqiang at Beijing's Great Hall of the People during her two-day trip to China.

China and the US are due to resume trade talks this month, with more senior consultations next month in Washington.

Dr Merkel has pushed for a European investment deal with Beijing, even as Washington has resorted to waves of tariffs to counter what it says are China's unfair trade practices. The US' European allies, including Germany, largely share its criticisms of China, but not Mr. Trump's choice of tariffs to resolve the issues.

Dr. Merkel said Germany is open for Chinese investment, and she welcomes all Chinese companies to invest in the country. However, she added that Germany checks investments in certain strategic sectors and critical infrastructure.

Mr. Li said that China hopes Germany will accept more Chinese companies and loosen export rules for certain goods.

Germany, which traded almost €100 billion (S\$152 billion) in goods with China in the first half of this year, holds the rotating EU presidency next year when Dr. Merkel is planning an EU-China summit with a view to achieving a common European stance toward the world's second-largest economy.

Referring to an EU-China investment agreement, Dr. Merkel said Germany was hoping "that we can perhaps finish this project" during the country's EU presidency in the second half of next year.

That summit would aim to counter what Berlin sees as China's divide-and-rule approach to dealing with the European bloc, as Beijing promotes global infrastructure projects under its Belt and Road development initiative that has made it an influential player in poorer eastern European countries such as Hungary and Greece.

Several companies signed agreements as Dr. Merkel and Mr. Li met, including Airbus - which came to an arrangement with China's AVIC Aircraft Corporation on assembling A-320 planes in China - and German insurer Allianz, which wants to work more closely with the Bank of China.

German engineering group Voith and China's CRRC said they wanted to cooperate on electric buses, and Siemens signed a memorandum of understanding with China's State Power Investment Corporation on developing gas turbines and cooperating on the use of hydrogen.

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