

Chinese trade

Xi Jinping says China's exports are helping to ease global inflation

Chinese president warns German Chancellor Olaf Scholz against 'rise of protectionism'



Chinese President Xi Jinping, right, with German Chancellor Olaf Scholz in Beijing on Tuesday © Michael Kappeler/dpa

Joe Leahy and **Wenjie Ding** in Beijing and **William Sandlund** in Hong Kong 5 HOURS
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Xi Jinping has hit back at western criticism of Chinese oversupply as Beijing leans on manufacturing to boost its economy, arguing that the country's exports are helping to ease global inflation and support a clean energy transition.

The Chinese president told visiting German Chancellor Olaf Scholz in Beijing on Tuesday that "both sides should be wary of the rise of protectionism" and "insist on looking at production capacity issues objectively".

"China's exports of electric vehicles, lithium batteries, photovoltaic products, etc have not only enriched global supply and alleviated global inflation pressure but also made great contributions to the global response to climate change and green and low-carbon transformation," [Xi](#) said, according to state media.

The comments came as [China](#) faces increasing resistance from its trading partners to an influx of cheap exports, with Beijing trying to compensate for a property slowdown by investing in manufacturing.

The EU has launched a [wave of anti-subsidy investigations](#) into Chinese goods, including electric vehicles, solar panels, wind turbines, trains and other products.

Last week, US Treasury secretary Janet Yellen [delivered a blunt warning](#) to her Chinese counterparts that Washington would not tolerate a “supply shock” of artificially low-cost Chinese imports being dumped on its markets.

German companies have a [strong presence in China's markets](#), particularly groups such as Volkswagen and BASF, complicating Germany's position on protectionist measures.

But German companies operating in China are increasingly concerned about diminishing market access. Two-thirds of companies surveyed by the German Chamber of Commerce in China said they faced “unfair competition”.

Local Chinese companies were still receiving privileged access to government procurement, and there was uncertainty in areas such as cross-border data transfer, said Maximilian Butek, executive director of the German Chamber of Commerce in East China.

This government support was coming as Chinese companies were becoming globally competitive in areas such as automotives, giving them an added advantage against international rivals, he added.

“Why do you need to protect an industry where the local companies are fully empowered to compete with international markets?” said Butek.

Xi also told Scholz that China was not contributing to the conflict in Ukraine, warning that critics should “not add fuel to the fire”.

China's president has forged a close partnership with his Russian counterpart Vladimir Putin, with Beijing buying oil from its neighbour and Chinese companies selling billions of dollars of goods ranging from cars to machine tools.

The US has alleged that China is filling an important gap in Russian industry created by western sanctions by selling dual-use products that can serve in arms manufacturing.

