Center for Strategic and International Studies

TRANSCRIPT

Event

"Germany's New China Strategy: A Conversation with German Ambassador Andreas Michaelis"

DATE

Monday, August 28, 2023 at 11:00 a.m. ET

FEATURING

Ambassador Andreas Michaelis

German Ambassador to the United States

CSIS EXPERTS

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Transcript By
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Max Bergmann: Good morning, everyone. And thank you for joining us today for what I think is going to be a really interesting and exciting event on "Germany's New China Strategy."

My name is Max Bergmann. I am the director of the Europe, Russia, Eurasia Program and the Stuart Center here at the Center for Strategic and International Studies, CSIS.

And today's event is really to look at Germany's relationship with China during the last few years, because there's been important shifts. Germany has sort of reflected on its relationship with China. The importance of the Chinese market for German industry has really contributed to Germany's economy and its export-fueled economic boom. However, concerns over human rights in China, the direction of the current Chinese government, and over the security situation with Taiwan and the South China Sea has prompted Germany to reassess and to release a new China strategy for the first time.

This reassessment – this new China strategy was released in July. It's a 64-page document and really, as I mentioned, signals an important shift. It also points to, I think, greater alignment between both Washington, and the European Commission, and Berlin when it comes to China. Their future relationship with China is, of course, of tantamount importance to policymakers on both sides of the Atlantic, which is why I'm so excited to be joined by Germany's brand-new ambassador to the United States, Ambassador Andreas Michaelis. Let me introduce him briefly before we jump into the conversation.

The ambassador became ambassador here to the United States in August 2023, so this month. Previously he served as state secretary with the federal foreign office in Berlin, one of the most senior positions in the federal foreign office. He joined the German Foreign Service in 1989 and has served as ambassador to the Republic of Singapore, the State of Israel, was director for Asian and Pacific Affairs, director for Near and Middle Eastern Affairs in North Africa at the foreign office. From 2020 to 2022, the ambassador served as state secretary for the first time. And from 2018 to 2020, he was Germany's ambassador to the United Kingdom. So we have someone, obviously, with immense experience.

Ambassador, thank you so much for joining us. I should also mention that we met in June when CSIS hosted the German-American Dialogue on China, which brings think tankers from both sides of Washington and – from both sides of the Atlantic, from Washington and Berlin as well as officials from our two governments together to discuss China. But I want to thank you so much for joining us today.

Ambassador Andreas Michaelis: Thank you very much. I'm very happy to be here. And thank you also for that very important cooperation which we have with you when it comes to China.

Mr. Bergmann: I want to sort of jump right in, and maybe ask the kind of overarching – basic, overarching question. Why did Germany decide that it needed to write a China strategy? Why now? And what prompted this?

Amb. Michaelis: Now, there are two possible answers. One answer is a formal answer, because we run so-called coalition governments. So right now, Germany is being ruled by a government of three parties. And the three parties – usually they negotiate a coalition agreement. And in the coalition agreement they negotiated for this government, they decided they wanted to task our administration to draft a China strategy. I think everybody – and we're looking at three parties who, at that time had different ways of looking at China – but they all agreed that we have to improve coherence. I think that was very important across government departments. And that we have to adjust to a changing China.

So what we were looking at, during the first weeks of our drafting exercise – and in our case it's not just drafting, it's also negotiating. You are negotiating among the various ministries of the government. I think it was very clear for us that we are aiming for a modern China strategy. We've never had one before. So this is our first. There was a practice. And if I look back, like, 10 years, 15 years, during the Merkel years, when Angela Merkel was chancellor, I think there was a practice that was very much characterized by a tallyho chance: Let's go China and let's make money. And that has clearly changed because now it's all embedded in a geopolitical environment, and there are so many important aspects when it comes to dealing with China. And these aspects we try to cover in the strategy we have come up with.

Mr. Bergmann: Yeah, I was wondering maybe if we could unpack a little bit Germany's sort of previous approach throughout the last decade. You alluded to it with – under German Chancellor Angela Merkel. And it was really seeing China as a place to do business, as a place to sell German cars, or other German products. Not all that dissimilar from us in the United States. What sort of – what were sort of the triggers, do you think, that prompted the shift? Was it Washington sort of now taking China much more seriously? Or was it China's own behavior? What sort of has prompted this new government to say we need to really reassess where we are?

Amb. Michaelis: I think the discussion here in the U.S. was important, but I would not count it as a trigger in that context. I think what was really a trigger was an exercise which we started in 2018-2019, which we called a China mapping exercise. Because so far, we had all been looking at China as a marketplace. We had looked at China as a political actor, but we had not really looked at the influence China exerts at home. And this China mapping exercise was a very serious exercise that happened at the same time when we were looking at setting up our 5G system. And for the first time, because we run a federal state, it involves all our states, it involved even communities to look at what kind of policy is being conducted by China within the legal sphere. That there were things like, with many states, where you would be aware that there are things that are not really kosher.

Here, we were explicitly looking at the – under bright light – at perfectly legal operations, at legal activities that, however, mattered for us. And we were surprised to find, when you look at the Confucius Institutes, for instance, when you looked at the large number of students in Germany that were studying – Chinese students in Germany, et cetera. So suddenly, we realized, oh, there is – that may be orchestrated, that may – you know, that may show us a certain pattern of creating influence in Germany. Add to this that after this first exercise, which was like a wake-up call for many of us, we then got, you know, a certain – we became aware of a certain philosophy that possibly had changed on the Chinese side that quite explicitly the question of creating dependencies on China and assuring Chinese influence in other countries. That was something which, almost like in a jigsaw, fit together.

And if you – you know, if you become aware of this, I think it's totally justified – also given the dependence of Germany at the same time in terms of the enormous investment which we had made in China. You can roughly say half of all EU trade with China is German trade. So that's the trade balance. If you look at investment relations, that is very, very significant. It's even more prominent in that regard, our position there. So given the dependence on this in the economic sphere, given the sensitivities on the other hand, we very much felt we have to look more carefully, and we have to look at the operational consequences.

Mr. Bergmann: The sense that I got as well, from both American businesses and many Europe, were experiencing the same sort of shift within China as well. That maybe China was a good place to do business a decade ago or decades ago, but increasingly they could not be – businesses might feel that their IP was being stolen or that China was – the Chinese state was sort of starting to interfere with their ability to do business. And so I'm curious if that shift has been felt in the German business community, of this – of China sort of not being as open a place to really do business?

Amb. Michaelis: Yeah, it depends on what part of the German business world you're looking at, because the structure of our business is very much – we have, yes, multinational companies, really big actors, big players. But the backbone of the German company is medium and – small- and medium-sized businesses. Also, when it comes to China – because maybe we are calculating in different way – we can look at a company that has a turnover of a billion, two billion. We would still count it as a medium-sized company in the German context. Very often they're world-market leaders in a certain field. Take, for instance, TRUMPF tool manufacturing. They are leaders in laser-based technology for tool-making machines.

So a company like this is certainly totally interested in the workflow of the world, is interested in China. But is facing, at the same time –and was facing since the 2000s, I would say – very significant concern about intellectual property protection. But they would ask their legal departments, they would ask the organized German business, to take care of that. For the medium and small size, it was more difficult to enter the Chinese market. For the big actors, the big players, that was different. I mean, they were big enough to look at the risks and also address them in the relevant context. And then they could make their calculation at home. And they would say that, you know, turnover generated there and returns would absolutely justify to move into the Chinese market.

I would say that, yes, there was not widespread concern, but there was a sensitivity that there were things you needed to pay attention to. But it was never – you know, because there was also a certain fashion at the time – you know, it was almost like a fashion statement. You need to be there. And people just followed that call. And that's why we also developed a very successful position in the Chinese market. So it wasn't a negative development, from our point of view. It was very important contribution to our prosperity.

Mr. Bergmann: The strategy makes clear that Germany's objective is not to decouple. This isn't sort of to end all trade with China. But really hits on this concept of de-risking to sort of reduce exposure and in particularly important in strategic sectors, and to not be so dependent on China. And to diversify trade and investment ties, perhaps, away from China in certain areas. I was wondering if you could maybe elaborate on the strategic sectors chosen for this approach, or how Germany will sort of implement this going forward? What sectors is Germany most concerned about? And where you would like to see the German economy kind of diversify on itself, and reduce some of its dependencies?

Amb. Michaelis: Yeah. Yeah, I would say there are just two different areas, or two different aspects that matter. One aspect is size. You know, there may be an investment, there may be an important German company that has invested so heavily in the Chinese market that it creates an enormous dependency. And one of the – one of the objectives through our strategy was to reduce dependencies on China where we felt we needed to reduce them. If, let's say, a company is so invested in China that if the Chinese market were to change, if the company was to not perform according to certain interventions, what in principle – look at China 25, et cetera – is and was possible, we wanted to make sure that there is not an overexposure.

But this is something that company has to decide. There are tools that are relevant on the part of the government – investment guarantees, for instance. So in the process of drafting the strategy, we also reviewed our investment guarantee policy. And we reformed it at that time to reduce individual risks. So we put a cap on the maximum one company can enjoy when that company invests, not just in the Chinese – I mean, all these policies have a global definition. But they matter in particular when it comes to China. So that's just the size aspect of not over-investing, from the government's point of view. And I think during the last months of actually working on the strategy, we were very much influenced by the experience which we made with the war of Russia on Ukraine, because there was all about energy policy.

And we had to totally reformulate our energy policy by reducing, bringing to zero, our dependency on fossil – on fossil energy from the Russian Federation, on which we had been so dependent. So this overall experience of we are too exposed and we need to adjust, was something, I think, that very much shaped our philosophy in that regard. The other is sensitive areas. And there, I would say, we don't differ too much from the U.S. That is certainly quantum technologies. That is artificial intelligence. Everything that is cutting-edge where we need to be particularly careful. And then also, because there is a continuous, kind of intimate, connection between the defense industry and the non-defense actors in the business world when it comes to China, we wanted to be particularly careful with regard to dual-use aspects of certain categories of goods. So we also readjusted our dual-use policy in that context.

And one last remark, if you'll permit, because that is – that is what, you know, really distinguishes us from the U.S. in that regard. We're not just acting as a nation-state here, because we've pooled our sovereignty and we enjoy a single market of the European Union. So many aspects of China policy are aspects of European Union policy, vis-a-vis China. So here, we also have to juggle a little bit because we need to define our approach to European policy. So that's sometimes a bit more complicated. But – and that is a very important new instrument we're looking at. I know the U.S. has just passed a government directive that deals with outbound investment screening. So that's something on which we are working, but we are not working on this in a German context. We're working on outbound investment screening following the so-called economic security paper of the European Union, of the Commission. We are working on this in a European context.

Mr. Bergmann: That's a great point. I was going to get to Germany and the EU later, but I think this is sort of a good segue to maybe talk about Germany's China policy and the EU's China policy, and the interaction in Germany's role in shaping the larger European strategy toward China. Of course, you mentioned that in many of the key economic areas in which Germany and Europe engage with China, have been – sovereignty has been ceded to the European level when it comes to trade, when it comes to much of the economic regulations.

We've seen the EU outline a China strategy itself. And I'm curious, maybe if you could describe sort of very top level how this – how this works. So if Germany is developing a China strategy, and Europe's developing a China strategy, are they sort of identical, one in the same? Or is this targeting sort of a slightly different audience? Maybe you could describe that policymaking process a bit, and maybe demystify it as much as you can for – at least for somewhat of an American audience.

Amb. Michaelis: Yeah. Well, yeah, I am happy to try. I think I would say first that, of course, we completely respect the European process. It's a formal process. There are structures that are relevant for arriving at European positions. But we're also not naive when it comes to the way, you know, we exert influence. I think we can be very, you know, frank about this, because especially when it comes to China it's important how Germany addresses some of the aspects that matter here.

Mr. Bergmann: Of course, Germany being the largest economy in Europe and largest country within the European Union.

Amb. Michaelis: Yeah. And also because the way China looks at the European Union, it looks at Germany. And a certain – you know, let's say, a gravitational capability here. We very much hope that we can use that capacity or capability to very good effect by going into a second phase after having adopted this national China's strategy, take it to a European level. And we've already indicated that this is what we would like to do. Offer it to our partners in the European Union, and then say: Here's the moment. Because dealing with, China size really matters. So let's define a common, adjoined, a cohesive China strategy at the European level.

Now, you won't hear that term, because I think at this point in time nobody has an appetite to go for such a grand project and aim for a European China strategy. But to improve cohesion, to improve coherence of our approach, I think that's not only necessary, I think that is possible. And here's a very important element that feeds into this: There has been a time when China was very successful in also making cooperation of European countries difficult vis-à-vis China, by creating their own format for dealing with China. And that form was originally the so-called 16+1 format. So 16 member states of the European Union that had, you know, a special platform to deal with China. Now, we believe – and we believed at the time – the real platform is the European Union. I mean, that's –

Mr. Bergmann: And Germany was not one of these countries?

Amb. Michaelis: We were not part of this. Over time – and that's very important to see right now. Over time, many of the countries who took part in that – in that format profited from it. It gave you half an hour with Xi on a special occasion, which for a smaller country, you know, otherwise would have been maybe impossible. But they suffered very significant disappointment over time. Take a country like Lithuania, for instance. They went into serious difficulties with China because they opened a representative office for Taipei. And China took it as a reason to basically block the access of Lithuania to the Chinese market. So they were part of that 16+1 format.

So what we've seen recently is it crumbled. So that's important. And it's also important that larger member states of the European Union – France, Italy, Germany, and add to it a former member state like the United Kingdom – there they more or less, I think, realized that that happy-go-lucky approach to China was not justified by the reality in which we were operating. So they wanted, and they want, to adjust at that time.

So from my point of view, I think that gives you a very, very good platform to actually advance and offer a strategy that is balanced, that does not ignore, on the one hand, the economic – the economic possibilities you can realize with China, because we don't say farewell to those. As you've said, we are not disengaging. But we are just reducing risk here. That's the main exercise that matters. And from that point of view, I think it will be very important. Also, with Ursula von der

Leyen as the commission president, and her team at the commission, to define, as I've said, a coherent approach towards China.

Mr. Bergmann: It seems that, you know, China was essentially trying to divide Europe, and to sort of weaken Europe – to ensure, essentially, that there wasn't a China strategy for Europe, vis-à-vis China, in its actions against Lithuania and in taking – sort of banning Lithuanian products, which then violated EU rules on discriminating against individual members. And it seems like what we've seen is that China's actions to divide Europe have sort of prompted Europe to then work harder at coming together. And we've seen the EU adopt an anti-coercion instrument, which then would enable it to perhaps take action against China or other countries if they were to try to take action against individual members. Do you think we've seen sort of a rebalancing in the EU, becoming sort of a more coherent, cohesive foreign policy actor, because of the challenge posed by China?

Amb. Michaelis: Well, I don't know whether that is a driving factor here. But certainly the two happen at the same time. I've just noticed that in the last edition of Foreign Affairs, you find an article that describes the geoeconomic revolution of the European Union. And I think it rightly describes a trend that is important. So things also change at other levels. And certainly we are internationally, also with regard to the relationship between the European Union and the United States of America, we are not looking at an old-school free trade environment. So if things change at that level also, I think it matters very much when it comes to China.

But there is one aspect which I would like – which I would like to stress. We've, so far, I would say, mainly looked at developments on the economic side of things. Politically and security-wise there are also very, very important aspects that need to be factored in, and that are reflected in our strategy. And I remember the days when we were discussing China with representatives of the last administration. And very often it was very binary. It was either you go that way or you don't go that way. And it was extremely China centered. What we would like – what we would like to propose is that we are defining and executing an Asia policy with a very, very important partner on the other side, which is China. But certainly, we would like – and that has always been a hallmark of European policy – we would like to further improve our relations with neighbors of China at the same time. And I think when you look at the overall foreign policy implication, that matters very much.

So we have, I think I can say, in the G-7 greatly advanced our cooperation with Japan. Japan, for us, from a German point of view not just on the economic side but also politically, is absolutely crucial. But we have fantastic relations with ASEAN countries. Now, that's very much a mixed bag of things, if you look at individual countries. But I think we are in a good position, trade-wise and also policy-wise, to define individual approaches. And I understand the president will soon visit Vietnam. The vice president is traveling to Indonesia. So from our point of view I think we very much see a similar approach because it's also about alliance relations, it is about relations with partners in the wider Asia region. Without this, you are not going to see succeed in a China policy approach.

Mr. Bergmann: On that point, Foreign Minister Baerbock recently gave a speech at MERICS in Berlin where I think she mentioned as her second point of part of – from the strategy, was to develop new partnerships. And she mentioned actually MERCOSUR, and Brazil, and Latin America as being a potential avenue for Germany and for Europe. It seems that here in the U.S., we've sort of turned away from free trade agreements, but not so much – that hasn't really been the case, at least in Europe. And there's still an effort in Europe to negotiate free trade agreements with Australia, with MERCOSUR. Is that a key part of Germany's China strategy, essentially, is to diversify trade and investment, and to look for free trade opportunities around the around the world?

Amb. Michaelis: We would – yeah, I think the answer is, you know, we are not going for a diversification philosophy. I think, you know, it just happened naturally, that you would like to use the opportunities that are being offered in a global context. And even before I arrived at EU MERCOSUR, and before I arrived – because that's something we've just recently done, of redefining our country strategy vis-à-vis Brazil, for instance. You know, Germany has been such an important partner of Brazil in the 1970s, when the German car industry went there. And, you know, we were facing, you know, a phase – or we found ourselves in a phase where things were not as dynamic as they were in previous decades.

And certainly, we would like to inject, you know, more energy into these relationships. But what matters really now, given that, you know, our economy is performing not in the way we would like to see it perform right now, is the United States itself. I mean, that is a very, very promising growth market for German companies. And German companies want to invest, and they actually invest in the U.S., on a very big scale. So this is not saying that this is immediately a consequence of a change in our China approaches, but it is a very, very important add-on, given the difficulties we are facing economically at the moment because, we haven't mentioned it, the Chinese economy is not growing at rates at which it used to grow. And at the same time, there are structural difficulties that suddenly become apparent – you look at the youth unemployment, et cetera – that are very important.

So it's not just about a change of policy in China over the last 15 years, or 10 years. It is also about economic changes that happened at the same time. So maybe over time the markets are not as promising as they used to be, especially when we, from a German point of view, given our car industry that is very strong globally, but also very strong in the Chinese market. At the moment, the transition to EVs is not that easy in the Chinese market.

Mr. Bergmann: I've heard from some European official's frustration at Washington, the United States, saying: Look, the focus that Washington is putting on China, we get it. We understand. We need to sort of de-risk or decouple, whatever the phraseology. That we need to sort of maybe reduce our economic exposure. But then when we turn to the United States, what we're seeing is barriers, walls being put up in the Inflation Reduction Act. Providing subsidies to American-provided producers but not making those available to Europeans create certain barriers to the market. There was a lot of angst, I think, over the Inflation Reduction Act over the past year, particularly last fall and this winter. Those seem to have subsided somewhat. I'm curious how you see the economic relationship with the United States, given its importance in the larger economic discussion with China.

Amb. Michaelis: We've started a very important dialogue on some of the shortcomings which we have identified. So, some of the localization requirements that matter, the regulatory environment, how it's being defined. But, self-critically, I think I have to say, I've already listened to U.S. companies that are complaining about access to the European market. You know, we have every reason to compare notes here. And I think as long as we understand that we have created and can create a win-win for both sides, and that in order to preserve, let's say, a mainstream corridor of free trade, I think that's very, very important for us. We certainly would not want to be caught in a subsidy race at this point in time.

As long as we have something like the TTC that is addressing, you know, some of the grievances that matter in that context – and where we are looking Europeans and Americans at possible solutions – I think we should stay optimistic. When I look at the German companies, I think it's a mixed reaction. You know, at the company level many are just very attracted by IRA. And they're even more attracted by energy prices here in the U.S. So it's not just about policy at the, let's say, immediate subsidy effect. It's also about the overall price environment in which you're operating.

And I think it will take us – it will take a while until we really see what's the effect on our economy here. As long as there are companies that decide to tap the growth of the U.S. market, from my point of view, that's fine. That's good. That's very positive. If we observe very significant relocations to the U.S., that's a different matter. You know, then that's an experience which the U.S. also made in the past, then suddenly you're losing jobs in your country. And you're losing important actors. But that's not where we find ourselves at the moment. So, I think really, we have to use the momentum now to find an approach that is beneficial to both of us.

Mr. Bergmann: I want to pivot to the security dimension of this relationship. But before I do so, I want to ask maybe one last question on the economic side, on foreign direct investment and outbound investment. It's sort of two sides of the same coin. There's been an increase in Europe in investment screening, although there's been some criticism of Germany over allowing Chinese companies to acquire a part of Hamburg's port. And then the U.S. is also moving forward in looking at outbound investment screening. And it may sort of proceed on that effort.

And I'm curious if there's any appetite in Berlin for something similar when it comes to outbound investments. So, a two-part question. So, the first part, on inbound investment screening, does this strategy that Germany released highlight that Germany will take sort of stronger action and be more rigorous, or it will sort of do more to block Chinese investment? And then, is there any appetite for an outbound investment screening, in either Brussels or Berlin?

Amb. Michaelis: Well, the answer, I can say is yes, on both counts, very clearly. It depends, you know, how we pursue the objective. In the case of outbound investment screening, and we've said that in this strategy, we are looking at a German contribution, conceptual contribution, to the definition of an instrument at European level. Because it can only happen at European level. If we were to define and implement outbound investment screening at national level, it would be to our disadvantage and would be to the disadvantage of another member state of the European Union. So that has to happen at European level. But that's where we want to move forward.

And we've also already in the strategy, actually referred to some of the transparency requirements at company level, the risk analysis aspect with regard to companies that need to do this. So I think we all understand. And it's very useful to be – you know, to look at the U.S. example in that regard. So we are ready to move forward on this. And we also understand that there will be a very, very important dialogue about outbound investment screening and its structure between the European side – the European Union and the U.S. in this phase where the instrument is being implemented here in the U.S.

Now investment – inbound investment screening, that's something which will still be implemented at national – mainly at national level. There is a screening phase at European level too that was recently added, which is important. But it needs to cut deeper in that regard. And I think some of the examples which you have mentioned – and in my previous role, you know, I was – I was involved in assessing risk from a government point of view with regard to concrete investment projects.

I understand very well that the legal base for it that we operate at the moment needs to be improved. And there have been proposals that were – you know, that were already floated of our minister of the economy. So we are in this process of even what we don't have right now, because, you know, various directives, et cetera, set up rather a complex structure. And now what we would like to advance is an investment law – investment security law, at our level.

So these are all parts – you know, or fruits, I think I can say, of that strategy process, to a certain extent. It had a therapeutical kind of quality for us. And that's why it also took fairly long. It took a whole year to arrive finally at the pages – 60 odd pages – which you have mentioned. But it also started very important government processes that are ongoing. So this is not a snapshot. This is something that will last much longer.

Mr. Bergmann: I want to pivot to the security challenge. Now, we've had a long conversation about the economics. It's rare in Washington to not maybe lead with Taiwan. But maybe I'll start by asking if you think there's sort of a shared European view of the threat that China poses to Taiwan. Here in Washington, the conversation has really accelerated. There's a lot of concern that China is very serious about taking back Taiwan and poses a threat, depending on how urgent – and debate about the urgency of that. But when Emmanuel Macron went to China earlier this year, made a lot of news both in Europe and here in Washington, you know, sort of saying that the United States essentially was overdoing the threat. Do you think there's a difference between the threat that – the perception of the threat that China poses to Taiwan between Berlin and Washington? And how do you see the potential dynamic between Taiwan and China?

Amb. Michaelis: Yeah. I can only say we take it very seriously because we listen carefully. We see that there is – that there is a danger. And so it's very much a question of how we can defuse the tension, and how we can contain the danger here. Not all of this – but that's my personal opinion – not all of this is really for, you know, the open stage. I think as we have a very intense dialogue with the Chinese side, many of these aspects need to be discussed not on the open stage, I think, because it adds – you know, it adds unnecessary elements I don't want to see in the discussion. I want a level-headed and a very sober discussion that is open and transparent, where we clearly voice our concerns. But this I don't have to do on the – on the open stage.

On the open stage, I clearly have to say – and we've said that in the strategy – that the reunification issue cannot be addressed in a military – in a military context. I think we are very clear here. But also – and that's also part and parcel of dealing with this question – we clearly formulate that we commit ourselves to one China policy. So that's also part of thinking and dealing – thinking about and dealing with Taiwan.

And then there is the question of, you know, what kind of business we have. And here, for instance, German parliament has an increased interest with regard to exchange. We think that people-to-people contacts are perfectly justified. Not just justified; they are very important. And we are also looking at economic relations between us and Taiwan. A Taiwanese company has just decided on a very significant investment into chip manufacturing in Germany. So I think what is important is, and we haven't focused on this, we are interested in continuing our exchange with Chinese officials and with the Chinese government, and not just on Taiwan, on many aspects that are relevant here.

And we should add human rights as well, because we are concerned about developments in Xinjiang. And these are issues which we address in dialogue with the Chinese government. It is important, given the values we stand for and we uphold. So what should not happen is that we suddenly fall silent and that we don't find a way of dealing with the Chinese side. Now, if you draw a line under all we have said today, yes, there are risks when you – when you deal with China.

And we needed a face to kind of open a face of adjustment, because we were heading into a different direction in the past, and important changes happened in China. But what we would like to achieve is that China becomes an actor, that in spite of the enormous size and enormous economic importance, and the also serious and important investment into its own military, respects the international rules-based order. And that is – that is exactly what my minister – what my minister stressed. That's the ultimate objective in what we're doing here.

Mr. Bergmann: There's been some concern on the European side that, you know, while perhaps there's real agreement with the U.S. in the perception of the threat, that some of America's rhetoric, perhaps Speaker Pelosi's visit to Taiwan or other sort of acts of solidarity or efforts to sort of message to

China, may in fact – or, at least, may cause certain blowback and prompt – and prompt an escalation of tensions. Do use see Berlin's role, Europe's role, to sort of try to deescalate some of these tensions. and maybe try to get Washington to sort of calm down with some of the rhetoric? Or am I mischaracterizing that?

Amb. Michaelis: We're not in charge of the rhetoric of our partners, I think very clearly. And that's, that's a U.S. choice. And it's not just the government, the U.S. government, that is responsible for the rhetoric that is relevant vis-à-vis China. We understand that. But here I would simply say, you know, concentrate on the things you are responsible of and do it in a responsible way. That's what we're trying to do.

Mr. Bergmann: Just a couple more questions, because we're running out of time. There's been a lot of focus here in Washington, in Europe, on the sanctions that have been put in place to vis-à-vis Russia. And some talk that if there was a war over Taiwan, if China tried to take back Taiwan or take other sort of coercive action, that it would be incumbent upon the United States and its European partners to take action vis-à-vis sanctions. Is that something that – you've only been in this job for a month, but you have a long – have spent a lot of time in Berlin – that that Germany is starting to think about as well? Of what are the economic tools to signal to China that there would be economic costs, to perhaps deter said action from ever taking place?

Amb. Michaelis: Well, you have mentioned yourself the anti-coercion instrument. So that's not the same as a full-blown sanctions regime, but it is countermeasures at the economic level that answer to a certain policy we are faced with. Otherwise, I would say, I don't – for my tastes, it's a bit too iffy. You know, I think we crossed the river when –or the bridge when we come to it. And it's difficult enough at the moment to live with a large number of sanctions regimes, many of which we have initiated ourselves. Take Iran, for instance. There Germany was very much, you know, the country that advocated this policy in response to the human rights situation in the country. And I think in the case of China, I just don't see that, unless we find ourselves in a completely different reality, that is a door we would open.

Mr. Bergmann: Maybe one final question. The strategy also points to the need to cooperate with China, particularly on climate. China's now the world leader in building solar. They're also the number-one emitter. How do you see cooperating with China on climate? How do we do that? And how important do you believe that will be for Germany and for Europe?

Amb. Michaelis: Well, I think it's absolutely crucial, because these are questions that cannot be successfully addressed without China. So here we need to talk to them. John Kerry is traveling to China. Jennifer Morgan, who is, or was – still is, I think, a U.S. citizen but also German citizen, and works for us now. She is in charge of the climate portfolio in the foreign office. And she is talking to the Chinese. Others are. The chancellor is, when he is –when he is heading our government-to-government consultations. The last round, which was the seventh round, of government-to-government consultations between Germany and China, they actually had – they had the climate subject as the central – as the central subject we were discussing.

But, you know, you can already infer, you hear from what I say, that very much depends also on the willingness of the Chinese to adopt the policies that are required. But there are more distant areas where it also matters. We've just opened an embassy in Fiji. And we are concentrating more – although that is far away from Germany, and we don't have a tradition of presence there – we concentrate more on the Pacific. And there, climate issues and environmental issues are absolutely key. And sometimes we have to address them in dealing with China vis-à-vis the countries where it matters.

And I think we – "we" now as a collective "we," the U.S. and Germany, the U.S. and Europe – we can make a fair offer to these partners that is so attractive that they don't think twice how they are safeguarding their environmental interests. And that is certainly something which I would, during my time here, like to explore further also with the U.S. government.

Mr. Bergmann: Great. Well, Ambassador, thank you so much for joining us. Welcome to Washington. I can assure you, the weather will get better. We're about to be at the end of another hot summer. But thank you so much for joining us today, and thank you for joining us online.

Amb. Michaelis: Thank you very much.

Mr. Bergmann: Thank you.

(END)