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Economic Diplomacy

# Economic relations between Europe and China – “de-risking” or renewed partnership?

Non-Research Paper

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Abstract

Since establishing their Comprehensive Strategic Partnership in 2003, China and the EU have developed their relations in an incongruous manner. While trade and investment have flourished, political relations have recently deteriorated. Since at least 2023, European politicians have tried to "de-risk" from China. However, businesses have not followed this trend. This makes sense, as the sheer size of the Chinese economy makes finding another country or group of countries to compensate for such "de-risking" difficult. Many Europeans believe that China’s influence will continue to grow in the coming years and that it could surpass the U.S. within a decade. At the same time, however, China’s influence on international relations is often viewed negatively. After the April 2025 Trump tariff shock and the July 2025 EU-U.S. "agreement" on tariffs, it would be wise for Europe to improve relations with China. However, both parties would have to adapt some of their policies. The EU should move away from emulating the U.S.'s treatment of China as a secular rival. In turn, China should adhere to its long-standing foreign policy principles of not interfering in the internal affairs of other states and upholding the sovereignty and territorial integrity of all states, including with respect to Russia.

Keywords

China • European Union • Comprehensive Strategic Partnership • trade • investment • bilateral relations

## 1 Partners, competitors and rivals

In 2003, China and the European Union agreed on a Comprehensive Strategic Partnership. Both sides‘ aims and expectations were established in two documents which appeared nearly at the same time.

In its first ever EU policy paper, the Chinese government noted that despite twists and turns, China-EU relations as a whole had been growing stronger and more mature. China spoke out in favor of promoting a sound and steady development of China-EU political relations under the principles of mutual respect, trust and seeking common ground while reserving differences, and contribute to world peace and stability. China also favored deepening China-EU economic cooperation and trade under the principles of mutual benefit, reciprocity and consultation on an equal basis and the promotion of common development. It pledged to deepen relations with all EU members, including its new ones, so as to maintain stability and continuity in the overall relationship between China and the EU.[1]

The EU agreed on a new strategy for a maturing partnership in which it defined priorities for relations with China, charting ways to raise the efficiency of the political dialogue and cooperation to promote the multilateral system and rules for global governance. It noted that the EU and China had an ever-greater interest to work together as strategic partners to safeguard and promote sustainable development, peace and stability. Europe, it stated –perhaps a little arrogantly – had a major political and economic stake in supporting China’s successful transition to a stable, prosperous and open country that fully embraces democracy, free market principles and the rule of law.[2]

1 China Issues First EU Policy Paper (2003, October). *China.org.cn*. http://www.china.org.cn/english/international/77157.htm

2 Commission of the European Communities (2003, September 10). A maturing partnership - shared interests and challenges in EU-China relations. Commission Policy Paper for Transmission to the Council and the European Parliament. https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2003:0533:FIN:EN:PDF#:~:text=The%20draft%20European%20Security%20Strategy,social%20and%20economic%20reform%20process

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Since then, a considerable number of documents regarding their relations have been issued by both sides.
Remarkable among those is the 2018 Chinese Policy Paper on the EU in which China stated i. a. that it welcomes a united, stable, open and prosperous Europe, supports the European integration process, and remains committed to developing ties with EU institutions, member states and other European countries in a comprehensive, balanced and mutually reinforcing manner. China also stressed that it is important that the two sides accommodate each other's legitimate concerns.[3]
Also outstanding is the 2019 EU-China strategic outlook in which the EU described China as, simultaneously, in different policy areas, a cooperation "partner" with whom the EU has closely aligned objectives, a negotiating partner with whom the EU needs to find a balance of interests, an economic "competitor" in the pursuit of technological leadership, and a systemic "rival" promoting alternative models of governance.[4]
It is noteworthy that China is described as a rival only once in this document, as a competitor twice, and as a partner about a dozen times. China has lambasted this triple description as schizophrenic, arguing that states cannot simultaneously be partners and rivals. However, when examining Beijing's relations with Delhi, for example, it is evident that there are elements of partnership, such as their successful cooperation within the BRICS[5] – as well as elements of a more antagonistic nature, e. g. in the demarcation of their common border.[6]

## 2 Economic partnership

Since establishing a comprehensive strategic partnership, the development of economic relations has been spectacular. Trade has increased nearly ninefold over the past two decades. China has become the EU's second most important goods trading partner after the U.S., and the EU is China's second largest trading partner after ASEAN. On average, the EU and China now trade approximately €2 billion every day.[7] European exports to China support about 4 million jobs in Europe, while 16 million Chinese jobs depend on exports to the EU.
Both sides benefit: China is the largest contributor to global economic growth, accounting for more than one-fifth.[8] While the EU's GDP grew by 1 percent in 2024[9], China's GDP increased by 5 percent[10] – though this figure is sometimes contested. China is an indispensable market for many EU companies, especially those in the automotive sector. The EU is an equally essential destination for the tens of thousands of Chinese companies that send several million containers to Europe every year.
Germany's economy, the largest in Europe, illustrates this particularly clearly. In economic terms, 2022 was a high point; GDP declined in 2023 and 2024. Bilateral trade in goods with China reached a record high of around €300 billion in 2022[11], but this was not maintained over the next two years. In 2023, German exports to China fell by nearly 9 percent, while imports from China dropped by over 19 percent.[12] In 2024, China lost its position as Germany's main trading partner to the U.S. The trading volume with China fell to €246 billion, while the volume with the U.S. amounted to €253 billion.[13] The 20 percent tariffs that U.S. President Donald Trump announced in April 2025 for the EU and the EU-U.S. July "agreement" on tariffs of 15 percent for EU exports to the U.S.[14] may, however, reverse that trend.

3 Ministry of Foreign Affairs of the People's Republic of China (2018, December 12). China's Policy Paper on the European Union. https://www.fmprc.gov.cn/eng/wjdt_665385/2649_665393/201812/t20181218_679556.html
4 European Commission (2019, March 12). EU-China – A strategic outlook, Joint Communication to the European Parliament, the European Council and the Council. https://commission.europa.eu/system/files/2019-03/communication-eu-china-a-strategic-outlook.pdf
5 Zhou, Y. (2024, April 11). Smart cooperation. China Daily. https://www.chinadaily.com.cn/a/202404/11/WS66173014a31082fc043c14ee.html.
6 China Daily editorial (2022, August 29). India's border provocations continue. China Daily. https://www.chinadaily.com.cn/a/202208/29/WS630caac1a310fd2b29e74d61.html
7 Eurostat. EU trade since 1988 by HS2-4-6 and CN8 (2025, March 18). https://ec.europa.eu/eurostat/databrowser/view/ds-045409__custom_15657165/bookmark/table?lang=en&bookmarkId=2bba357c-238f-4ff5-89fa-a38d5d7fc062
8 Tanzi, A. (2024, April 18). China Outweighs G-7 as Leading Driver of Global Economic Growth. *Bloomberg*. https://www.bloomberg.com/news/articles/2024-04-18/china-outweighs-g-7-as-leading-driver-of-global-economic-growth?embedded-checkout=true
9 Eurostat (2025, March 7). GDP up by 0.2% and employment up by 0.1% in the euro area. https://ec.europa.eu/eurostat/web/products-euro-indicators/w/2-07032025-ap#:~:text=For%20the%20year%202024%20as,in%20both%20zones%20in%202023
10 statista (2025, January 17). Growth rate of real gross domestic product (GDP) in China from 2014 to 2024 with forecasts until 2029. https://www.statista.com/statistics/263616/gross-domestic-product-gdp-growth-rate-in-china/
11 Statistisches Bundesamt (2024). Die Volksrepublik China ist erneut Deutschlands wichtigster Handelspartner. https://www.destatis.de/DE/Themen/Wirtschaft/Aussenhandel/handelspartner-jahr.html
12 Tagesschau (2024, February 14). China bleibt Deutschlands wichtigster Handelspartner. https://www.tagesschau.de/wirtschaft/weltwirtschaft/china-usa-handelspartner-exporte-importe-derisking-100.html
13 Destatis, The United States is Germany's main trading partner. https://www.destatis.de/EN/Themes/Economy/Foreign-Trade/trading-partners.html
14 World Economic Forum (2025, July 30). US-EU trade deal: What it is – and what does it mean for European competitiveness? https://www.weforum.org/stories/2025/07/the-eu-us-trade-deal-explained-eu-competitiveness/

German investment in China reached a record high of more than €7 billion in 2022 [15]; and nearly €6 billion in 2024, the second highest amount ever. Investment from the entire EU during those two years stood at about €10 billion each year, which is not much lower than the records established in 2011 (€11 billion), 2012 (€12 billion) and 2015 (more than €10 billion) [16] – at a time when the United Kingdom was still an EU member.

Chinese direct investment in Germany increased only slightly in 2023 and 2024, but also reached new highs in both years.[17] In other European countries, however, Chinese investment decreased in 2023 and 2024.[18] To be noted, states outside the EU such as the UK and Switzerland are more important destinations for Chinese investments than Germany or other EU states.[19]

## 3 Tackling Problems

There have, however, recently been some economic problems between China and the EU. The European Commission has been quite active lately in an attempt to address these issues. Many describe this as "getting tough" on Beijing or, at least, as an end to a perceived "naivety". They perceive a shift in the way that Europe is prepared to handle its trade issues with China. While Brussels had for years taken a conciliatory tone with Beijing, engaging in a dialogue on state subsidies and overcapacity in sectors such as steel, aluminum and green tech, it was now ready for confrontation and, if necessary, even a trade war. As a political consensus had been shaped that Europe needed to protect its core technologies, the gloves had been taken off.[20]

Commission President Ursula von der Leyen made an initial impact with a speech in March 2023. She stated that "defining a European strategy towards China" must start with a sober assessment of current EU-China relations. These relations were not black and white, and the EU's response could not be either. It was in this address that she set Europe the goal of "de-risking" for the first time: The EU needed to "focus on de-risk – not de-couple".[21]

An interesting observation that the High Representative of the EU for Foreign Affairs and Security Policy and Vice-President of the Commission, Josep Borrell, had intended to make in Beijing just two weeks later, in mid-April 2023, went largely unnoticed. Borrel was unable to speak due to the cancellation of his trip, but published his draft all the same. In it he states that

> "[t]he European Council, which brings together the heads of state and government of the member states, defines the strategic choices of the Union, [sic] The ministers and the European Commission implement them and the European Parliament monitors its activity. In this system, the member states retain responsibility for their foreign and security policy."[22]

That can be understood as a – not so – veiled hint that it is the European Council that is responsible for formulating the EU's foreign policy, while von der Leyen and her Commission are only responsible for its implementation.

In April 2023, von der Leyen visited Beijing, partially overlapping with French President Emmanuel Macron's visit. However, due to the difference in their ranks, she was clearly overshadowed by Macron in terms of protocol, which likely did not foster her positive feelings toward China. The next significant development regarding China was the presentation of an EU concept in June 2023 aimed at improving economic security. The concept included a comprehensive approach to risk management.[23]

In her State of the Union speech on 13 September 2023 Commission President von der Leyen announced an investigation into Chinese imports of electric vehicles. This was followed in October 2023 by the announcement of an anti-subsidy investigation

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15 Deutsche Bundesbank (2023, April 30). Direktinvestitionsstatistiken. https://www.bundesbank.de/resource/blob/804082/2107cb140bd0db5afd76c281146427de/mL/i-transaktionswerte-zu-direktinvestitionen-data.pdf

16 Pape, L. (2025, March 27). Weshalb deutsche Investitionen in China trotz allem um ein Viertel gestiegen sind. Table.Briefings. https://table.media/china/analyse/de-risking-weshalb-deutsche-investitionen-in-china-trotz-allem-um-ein-viertel-steigen/

17 statista. Kapitalfluss und Kapitalbestand von chinesischen Direktinvestitionen in Deutschland von 2007 bis 2024. https://de.statista.com/statistik/daten/studie/1301465/umfrage/kapitalfluss-und-kapitalbestand-von-chinesischen-direktinvestitionen-in-deutschland/

18 Kratz, A., Zenglein, M. J., Brown, A., Sebastian, G., Meyer, A. (2024, June 6). Dwindling investments become more concentrated - Chinese FDI in Europe: 2023 Update. https://merics.org/en/report/dwindling-investments-become-more-concentrated-chinese-fdi-europe-2023-update. Hanemann, Th. et al., China's Global Investment in 2024 (2025, February 18). https://cbm.rhg.com/research-note/chinas-global-investment-2024

19 Janson, M. (2023, June 20). Hier investiert China in Europa, Statistisches Bundesamt. https://de.statista.com/infografik/30228/chinesische-investitionen-in-unternehmen-und-bauvorhaben-in-europa/

20 Lau, S., Gijs, C., Verhelst, K. (2024, April 26). EU pulls its gun on China. Politico. https://www.politico.eu/article/eu-china-trade-war-nuctech-xi-jinping-von-der-leyen-ev/#:~:text=The%20EU%20is%20accelerating%20its,companies%20that%20undermine%20European%20rivals.&text=BRUSSELS%20

21 Von der Leyen, U. (2023, March 30). Speech by President von der Leyen on EU-China relations to the Mercator Institute for China Studies and the European Policy Centre. European Commission. https://ec.europa.eu/commission/presscorner/detail/en/speech_23_2063

22 Borrell, J. (2023, April 13). My view on China and EU-China relations. European Union External Action. https://www.eeas.europa.eu/eeas/my-view-china-and-eu-china-relations_en

23 European Commission (2023, June 20). Joint Communication to the European Parliament, the European Council and the Council on "European Economic Security Strategy". https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52023JC0020&qid=1687525961309

into EVs from China, which were said to threaten the European electric car industry.[24] This was on 4 July 2024 followed up by the provisional imposition of countervailing duties of between 17.4 and 37.6 percent on imports of battery electric vehicles from China. The Commission concluded that, based on its investigation, the battery electric vehicles value chain in China benefits from unfair subsidization, causing a threat of economic injury to EU producers. Definitive countervailing duties of between 17.0 and 35.3 percent were applied as of 30 October 2024.[25]

In 2024, the Commission presented an Economic Security Package that was also aimed at China. This strategy provided for a standardization of the screening of foreign direct investments in the EU, but fell short of previous announcements on other points – such as export controls and the regulation of direct investments by European companies in non-EU countries (i. e. primarily China).[26] The Commission also initiated the first in-depth review of potentially market-distorting effects of state subsidies under its powers under the Regulation on Subsidies from Third Countries.[27]

Formal proceedings were also launched against TikTok in February 2024 to assess whether it may have breached the Digital Services Act in areas linked to the protection of minors, advertising transparency, data access for researchers as well as the risk management of addictive design and harmful content.[28] This was followed in December 2024 by proceedings in relation to TikTok's obligation to properly assess and mitigate systemic risks linked to election integrity, notably in the context of the Romanian presidential elections in November 2024.[29] These investigations are ongoing; at the time of writing, information on them is sparse.[30]

As part of its 13th package of sanctions against Russia, the EU for the first time blacklisted four Chinese companies for supplying dual-use goods to Russia.[31] In its 18th sanctions package, the EU for the first time sanctioned two – small – Chinese banks[32] despite a warning from China that there would be consequences.

On the other hand, the Commission stated that it was not planning any measures against solar modules from China, even though they were significantly cheaper than those produced in the EU. Without modules from China, it would not be possible to achieve the EU's climate targets.

The Commission launched investigations under the Foreign Subsidies Regulation to assess whether two Chinese companies benefitted from an unfair advantage to win public contracts in the EU.[33] In a first use of the International Procurement Instrument (IPI), the Commission decided to exclude Chinese companies from EU government purchases of medical devices exceeding €5 million.[34] The EU's medical device industry had repeatedly complained that Chinese public tenders which were previously open to imports now specifically request China-made products or include stringent certification processes, opaque approval systems or clauses to safeguard "national interest". In response to this decision, China announced a few days later restrictions on the eligibility of certain medical devices from the EU in government procurement activities with a budget of over CNY45 million.[35]

In taking some of these steps the Commission has clearly moved away from the more permissive line favored by some member states. Yet, the President of the Commission's critical view of China is by no means unreservedly shared in all European capitals.

24 Official Journal of the European Union (2024, October 4). Note of initiation on an anti-subsidy proceeding concerning imports of new battery electric vehicles designed for the transport of persons originating in the People's Republic of China. https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:C_202300160

25 EU Commission imposes countervailing duties on imports of battery electric vehicles (BEVs) from China. (2024, December 12). Access2Markets. https://trade.ec.europa.eu/access-to-markets/en/news/eu-commission-imposes-countervailing-duties-imports-battery-electric-vehicles-bevs-china

26 European Commission (2024, January 20). Commission proposes new initiatives to strengthen economic security [Press Release]. https://ec.europa.eu/commission/presscorner/detail/en/IP_24_363

27 European Commission (2024, February 16), Commission opens first in-depth investigation under the Foreign Subsidies Regulation [Press Release]. https://ec.europa.eu/commission/presscorner/detail/en/ip_24_887

28 European Commission (2024, February 19). Commission opens formal proceedings against TikTok under the Digital Services Act [Press Release]. https://ec.europa.eu/commission/presscorner/detail/en/IP_24_926

29 European Commission (2024, December 17). Commission opens formal proceedings against TikTok on election risks under the Digital Services Act [Press Release]. https://ec.europa.eu/commission/presscorner/detail/en/ip_24_6487

30 European Parliamentary Research Service (June 2025). TikTok and EU regulation: Legal challenges and cross-jurisdictional insights. https://www.europarl.europa.eu/RegData/etudes/BRIE/2025/775837/EPRS_BRI(2025)775837_EN.pdf

31 European Commission (2024, April 18). Sanctions adopted following Russia's military aggression against Ukraine. https://finance.ec.europa.eu/eu-and-world/sanctions-restrictive-measures/sanctions-adopted-following-russias-military-aggression-against-ukraine_en

32 European Council (2025, July 18). Regulation (EU) 2025/149 of 18 July 2025 amending Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine. https://eur-lex.europa.eu/eli/reg/2025/1494/oj/eng

33 European Commission (2024, April 3). Commission opens two in-depth investigations under the Foreign Subsidies Regulation in the solar photovoltaic sector [Press Release]. https://ec.europa.eu/commission/presscorner/detail/en/ip_24_1803

34 European Commission (2025, June 20). Commission restricts Chinese participation in medical devices procurement [Press Release]. https://ec.europa.eu/commission/presscorner/detail/en/ip_25_1569

35 The State Council. The People's Republic of China (2025, July 6). China to take measures against medical devices imported from EU in government procurement. https://english.www.gov.cn/news/202507/06/content_WS686a7ca9c6d0868f4e8f3e2a.html

## 4 Germany's Strategy on China

The German federal government has on 13 July 2023 for the first time adopted a "Strategy on China".[36] This Strategy is in its basic principles not that different from the East Asia Concept submitted by the Federal Foreign Office in 2002[37], but more detailed and, of course, updated.[38] The Strategy states that China has changed and that as a result of this and China's political decisions, Germany needs to change its approach to China.[39] It repeats the description of the 2019 EU Strategic Outlook by pointing out that Germany is seeking to cooperate with China, accepts competition with it and sees systemic rivalry in different concepts of the principles governing the international order in important areas.[40] The federal government sets out that it seeks to cooperate with China on the basis of fair conditions.[41] Regarding economic relations – and while the term "de-risking" is only mentioned six times in the entire document –, the idea of de-risking from China permeates the entire Strategy: The government holds that de-risking is urgently needed; it states however that it does not pursue a decoupling of the two economies.[42]

Several German policymakers appear to have set the goal of not further developing economic ties with China. Under the banner of "de-risking," they intend to "diversify" bilateral trade, German manufacturing in China, and incoming and outgoing investments — which, in plain language, probably means reducing them. This view involves moving away from China with regard to its important role in international supply chains and the dependence of many German companies, particularly in the automotive sector, on the Chinese market. However, most German companies have so far shied away from pursuing this idea. Some observers have therefore quipped that a decoupling is indeed occurring, but not between Germany and China, rather, it is occurring between German policymakers and German businesses.

However, it is unclear how de-risking will be achieved in practice. When discussing de-risking specifics, members of the "traffic light" coalition — which dissolved in November 2024 and was replaced by a new coalition in May 2025 — generally referred to increased trade with and investments in emerging economies, such as ASEAN, India, and major Latin American economies. They also mentioned democratic partners in the Americas and Asia, such as the U.S., Canada, Japan, South Korea, Australia, and New Zealand. However, trading more with and investing more heavily in these economies is easier said than done. The U.S. is already Germany's most important trade partner, and German companies have long been active in Canada, Japan, South Korea, and India. It is unclear how they could suddenly become more successful in these markets than they have been in the past few decades. Australia and New Zealand have comparatively small economies that could contribute little to German business prosperity. The most promising economies in this regard are the large emerging economies of Southeast Asia, particularly Indonesia, Malaysia, Thailand, the Philippines, and Vietnam.

The inconvenient truth is however that, while indeed promising, these markets are simply too small to make up for a meaningful diversification away from China. They lag China in nearly all economically relevant data. In particular, their annual growth rates are not much higher than those of China. China is already the world's second largest economy, and its growth over the next couple of years promises to be higher than that of the major economies of Europe and North America. Over the next five years, China is set to contribute more than 20 percent to global economic growth; that is a little more than the growth of the U.S., nearly three times as much as India's, nearly four times as much as that of the major ASEAN countries, nearly five times as much as Africa's and nearly six times as much as South America's.[43] Even if major economies in Asia, Africa and Latin America were to register higher growth than China over the next couple of years – which is far from guaranteed –, the sheer size of the Chinese economy assures it a special place as a destination of European exports. The reason for this is simple: The Chinese economy will over the next five years probably grow by more than the entire projected economic output of ASEAN countries in 2028. Or, in other words: China's economy will grow by just about a whole ASEAN until 2028.[44]

Just looking at the automotive sector is a good example: In 2022, German automakers sold more than 4 million cars in China –

36 The Federal Government (2023). Strategy on China. https://www.auswaertiges-amt.de/blob/2608580/49d50fecc479304c3da2e2079c55e106/china-strategie-en-data.pdf

37 "Auswärtiges Amt, Aufgaben der deutschen Außenpolitik – Ostasien: Japan, Süd- und Nordkorea, Mongolei, China einschl. Hongkong und Macau, Taiwan – am Beginn des 21. Jahrhunderts", Berlin, Mai 2002 (Federal Foreign Office, Tasks of German Foreign Policy – East Asia: Japan, South and North Korea, Mongolia, China including Hong Kong and Macau, Taiwan – at the beginning of the 21st century, Berlin, May 2002). https://sciendo-parsed.s3.eu-central-1.amazonaws.com/68340441f788d76dad44ab89/ecdip-2024-0003_sm.zip

38 Röhr, W. (2023, July 17). Nicht die allererste Strategie... . Table.China. https://table.media/china/standpunkt/nicht-die-allererste-strategie/; Röhr, W. (2025, May 24). The East Asia Concept of the German Federal Foreign Office (2002) and the Federal Government's Strategy on China (2023) – Similarities and Differences. Economic Diplomacy, Volume 3 (2025): Issue 1 (May 2025). https://sciendo.com/article/10.2478/ecdip-2024-0003

39 Strategy on China (footnote 36) p. 9.

40 Strategy on China (footnote 36) p. 10

41 Strategy on China (footnote 36) p. 11

42 Strategy on China (footnote 36) p. 11; see also pp. 25, 34, 38

43 Suarsana, D. (2024). De-Risking, but where to? The Emerging ASEAN countries as an alternative to China. Konrad-Adenauer-Stiftung. https://www.kas.de/documents/d/guest/de-risking-but-where-to

44 Suarsana, D. (footnote 43) pp. 4, 8

but less than 10,000 in Indonesia.[45] In 2023, BMW sold 4,200 passenger cars in Indonesia, Mercedes 3,400 passenger cars and 2,100 utility vehicles. Volkswagen sold 250 (!) passenger cars.[46] The market share of German car brands in Singapore, their most significant market in the region, dropped from 32 percent in 2023 to 28 percent in 2024. In Malaysia, the market share of BMW in 2024 was a measly 1,3 percent. In the Philippines, German brands sell no more than a few hundred cars a year.[47]

As a production location for German businesses, ASEAN countries are less promising than is generally believed. Manufacturing wages in Indonesia and the Philippines are less than a fifth of those in China, and in Vietnam, they are less than a third. However, their workforces are much smaller than China's: less than a fifth in Indonesia, and less than a 14th in the Philippines and Vietnam. Furthermore, productivity in most ASEAN countries is significantly lower than in China.[48]

The conclusion is: Good alternatives to China are hard to find: When they are politically "unsuspicious" to those who promote de-risking, they tend to be small, such as Australia and New Zealand. When they are larger, such as India, Vietnam and Thailand, they often do not really fit the requirements of being "value partners": flawless democracies that unswervingly uphold the rule of law as it is defined by European governments.

Some European companies – just as some U.S. businesses – have indeed attempted to reduce their dependence from China by e. g. sourcing goods from states such as Mexico, India and Vietnam. But when one takes a closer look, one will see that these emerging economies have over the past couple of years been buying considerably more from China. Global supply chains have indeed shifted; they are becoming longer and more complicated. But their origins often remain the same: Companies in Mexico and Asia now sell more to the U.S. and Europe, but at the same time buy more from China. So instead of de-risking from China, all one often does by buying from them is insert a middleman.[49] What the new U.S. tariffs introduced by U.S. President Trump since April 2025 will mean for these supply chains can at present not be reliably foreseen.

Finally, some of the steps that politicians have recently recommended to companies are outright recipes for a business disaster: The new India-Middle East-Europe corridor that the U.S., the EU, some Middle Eastern countries and India proposed as recently as in the fall of 2023[50] foresaw that Indian goods would be shipped to the United Arab Emirates, from there, a rail link would take them through Saudi Arabia, Jordan and Israel, and from Israel the goods would go, again by ship, to Europe. Contrary to some optimistic views expressed even after the Hamas attack on Israel and the start of the ensuing war in Gaza[51] this plan lacks feasibility at least over the short and medium term.

The outcome of all these considerations is simple, though it may be unwelcome to some. For the foreseeable future, there is no country that can replace China as a market for exported goods manufactured in Europe, as a market for goods manufactured by European companies in Asia, or as a source of products at the beginning of supply chains. In other words: There is no second China. Other countries can be welcome and meaningful additions in "China+1" strategies. However, attempting to replace China is probably destined to fail and could, at best, lead to "pseudo-diversification" — a change in geography, but not in terms of value and supply chains.[52]

## 5 European businesses' confidence

When one looks at the mood of European businesses in China it becomes immediately clear that times are no longer as good as they once were, but that there is all the same little inclination to pursue de-risking – at least not in the sense in which it is understood by many politicians in Europe. A reliable gauge of the mood of European companies in China is the most recent Business Confidence Survey of the EU Chamber of Commerce in Beijing.[53] On the one hand, the results of the 2025 survey, which reflects companies' views in January and February 2025, shows a development that is far from positive:

45 Suarsana, D. (footnote 43) p. 21

46 Malerius, F. (2024, February 14). Die indonesische Automobilindustrie erwartet für 2024 Wachstum. Germany Trade and Invest. https://www.gtai.de/de/trade/indonesien/branchen/die-indonesische-automobilindustrie-erwartet-fuer-2024-wachstum-1070740

47 Hutt. D. (2025, February 2). German car makers hit speed bump as Southeast Asia sales dip. DW. https://www.dw.com/en/german-carmakers-see-southeast-asia-sales-dip/a-71640172

48 Suarsana, D. (footnote 43) pp. 11 ss.

49 The Economist (2023, November 14). Don't be fooled by America's 'new' supply chains. https://www.economist.com/graphic-detail/2023/11/14/dont-be-fooled-by-americas-new-supply-chains

50 The White House (2023, September 9). Memorandum of Understanding on the Principles of an India – Middle East – Europe Economic Corridor). https://www.whitehouse.gov/briefing-room/statements-releases/2023/09/09/memorandum-of-understanding-on-the-principles-of-an-india-middle-east-europe-economic-corridor/

51 Rizzi, A. (2024, April 23). The infinite connection: How to make the India-Middle East-Europe economic corridor happen. European Council on Foreign Relations. https://ecfr.eu/publication/the-infinite-connection-how-to-make-the-india-middle-east-europe-economic-corridor-happen/

52 Suarsana, D. (footnote 43) p. 18

53 European Union Chamber of Commerce in China (2025). European Business in China – Business Confidence Survey 2025. https://europeanchamber.oss-cn-beijing.aliyuncs.com/upload/documents/documents/European_Chamber_Business_Confidence_Survey_2025[1278].pdf

- Whereas from 2015 to 2021, usually around 50 percent of participating companies reported that doing business became more difficult during the past year, since 2022 this figure has been at or above 60 percent and, with 73 percent, reached a record high in 2025.
- The number of companies reporting an increase in revenue was, with 38 percent, at a record low; the number reporting that their revenue had decreased was the third highest on record with 26 percent.
- Only 29 percent – a record low – are optimistic regarding growth in their sector over the next two years. In 2023, this share had still been well over a half.

Other data are not quite as clear-cut. The Chamber points out that 38 percent of European companies had increased profitability in 2024, while 36 percent reported unchanged profitability. With 26 percent of companies reporting reduced profitability, this was indeed the third-worst result recorded over the past 14 years.

The best indicator of companies' confidence is, however, their readiness to stay invested or continue to invest in China – or to shift investments elsewhere. This indicator is still positive:

- Three quarters of respondents said they plan to reinvest some of their profits earned in the Chinese mainland.
- But the percentage of respondents that have already shifted, or taken the decision to shift, both current and future investments out of China -– 17 percent and 16 percent respectively – is increasing. Of these, 24 percent shift investments to Europe, 19 percent to ASEAN countries, 14 percent to other Asia-Pacific countries, 14 percent to North America, 12 percent to India, 6 percent to the Middle East, 5 percent to South America and 4 percent to Africa.

This clearly shows that, while European companies in China are not satisfied with the current business climate, their majority does at present not consider de-risking – in the sense of leaving the country or substantially downsizing their activities – as a viable option.

For companies from Europe's largest economy, Germany, the intention to remain in China is even more pronounced. The reason for this is in all probability that German companies in China are often – successful – manufacturing firms; their share is higher than that for many other European countries. According to the Business Confidence Survey 2024/25 of the German Chamber of Commerce in China[54], which is based on views collected in September and October 2024, German companies complained i. a. about weak demand, price pressures, increasing labor costs, preferential treatment of local companies, internet access restrictions, legal risks and a high tax burden. Still,

- 92 percent of responding businesses had no plans to leave China within the next two years;
- 7 percent were considering it, and only
- less than 1 percent planned to sell off business operations wholly or in part.

51 percent planned to increase investment in China within the next two years; 87 percent cited the need to remain competitive as their primary motivation.

## 6 Electric vehicles

One of the more controversial issues between China and Europe is the issues of tariffs on electric vehicles. The European Commission has imposed countervailing duties on imports of battery electric vehicles from China. As already mentioned above, the Commission concluded that the battery electric vehicles value chain in China benefits from unfair subsidies.[55] It is remarkable that the Commission stressed that it initiated the proceedings "on its own initiative" when credible rumor has it that it was the French government and some French car producers that have been lobbying heavily for tariffs. There was concern in Germany that tariffs on Chinese vehicles could lead to a backlash from Beijing, which could then primarily affect German manufacturers. Imposing such tariffs was a mistaken approach. Even the German Association of the Automotive Industry is critical of these tariffs. European tariffs are toothless in third countries, and consumers in the EU have to pay higher prices for Chinese e-vehicles. The duties also affect EVs produced by European companies in China and exported to the EU, and they can easily be circumvented by Chinese companies by setting up subsidiaries in Europe. Remarkably, also the CEOs of German carmakers Mercedes and BMW have spoken out against such tariffs which they believe would weaken international trade and growth.[56]

54 German Chamber of Commerce in China (2025). Localization 3.0. Business Confidence Survey 2024/25. https://workdrive.zohopublic.com.cn/external/9f3437d187a0454d300e1722e2521599ed63117cc5e1b6903a5e992b4e266c8d

55 Official Journal of the European Union (2024, July 4). Commission Implementing Regulation (EU) 2024/1866 of 3 July 2024 imposing a provisional countervailing duty on imports of new battery electric vehicles designed for the transport of persons originating in the People's Republic of China. https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202401866

56 Deiß, M. (2024, April 16). "Bester Schutz ist, wettbewerbsfähig zu sein". Tagesschau. https://www.tagesschau.de/wirtschaft/weltwirtschaft/scholz-china-bmw-mercedes-100.html

In 2024, the market share of all Chinese cars in the European market was 3.2 percent.[57] In Germany, Europe's most important automotive market, some 2.8 million new passenger cars were registered in 2024, of which 43,903 were EVs from China[58], a market share of 1.6 percent. The Commission's approach therefore seems somewhat heavy-handed. It should not be forgotten that there are also state subsidies for electric car components such as batteries and preferential treatment for EV manufacturers in Europe. Instead of imposing tariffs on Chinese e-vehicles, the EU should rather create a better environment for the production of NEVs.[59]

German federal Chancellor Olaf Scholz, who had already in 2023 spoken out against protectionism in the automotive market and voiced skepticism over the EU probe ,[60] stuck to this line also during his visit to Beijing in April 2024. He stressed that Europe should welcome global competition and he rightly compared the ongoing discussion with the overly nervous debates that started when Japanese and Korean cars were first introduced to Germany. Now they were part of the market, and there was no problem with that. The same would happen to cars from China. It was important, however, that competition should always be fair.[61]

On 4 October 2024, 10 member states – including France, Italy and Poland – voted for the tariffs; five member states – including Germany, car-producing Slovakia and China-friendly Hungary – voted against; and 12 members – including car-producing Spain – abstained.[62] According to EU rules, that was sufficient to grant the Commission the authority to impose the tariffs.

## 7 Ukraine war

Politically there has over the past years been considerable alienation between Europe and China. European businesses are concerned with China's domestic development, and European governments are perturbed in particular about China's position on the Ukraine war.

If one looks at Europe's largest economy, the days when China and Germany vowed in elaborate joint declarations at the end of Intergovernmental Consultations to increase – in one case, even to double – bilateral trade over the coming years are long gone. Now, trade as well as cross-border investment is in Berlin – and Brussels – rather seen as dangerous dependence which should be reduced.

Among European businesses in China, there is an underlying sentiment that, a decade after the Third Plenary Session of the 18th Central Committee of the Communist Party of China in 2013, its promises have not all been fulfilled.The Communiqué of that meeting[63] had stated:

> "We must deepen economic system reform by centering on the decisive role of the market in allocating resources".

More than ten years later, many European businessmen are under the impression that they are still waiting for that central role of the market to materialize.

Nearly all European governments take issue with the Chinese position on the Ukraine war. On 25 February 2022, the Shanghai Daily carried as its headline on page 1:

> "Russia attacks Ukraine". [64]

On the following days, however, the official Chinese reaction was much less outspoken.

57 Munoz, F. (2025, February 27). European registrations of Chinese car brands soar in January while Tesla sales nosedive. JATO. https://www.jato.com/resources/media-and-press-releases/european-registrations-of-chinese-car-brands-soar-in-january-while-tesla-sales-nosedive

58 Glaser, M. (2025, January 9). 2024 in Zahlen: Zulassungen von Elektroautos aus China in Deutschland. Elektroauto-News. https://www.elektroauto-news.net/news/2024-elektroautos-china-deutschland#:~:text=Von%20Great%20Wall%20Motor%20(GWM,als%20im%20Dezember%20des%20Vorjahres

59 Roehr, W. (2023, December 19). The power of three. China Daily Global. http://epaper.chinadaily.com.cn/a/202312/19/WS6580d30ba31036711cce4d7b.html

60 Posaner, J., von der Burchard, H. (2023, September 28). Germany's Scholz warns against protectionism in China electric car probe. Politico. https://www.politico.eu/article/germany-chancellor-olaf-scholz-global-competition-china-electric-cars/

61 Freyeisen, A. (2024, April 15). Scholz wirbt für offene Märkte und fairen Handel. Tagesschau. https://www.tagesschau.de/wirtschaft/scholz-china-114.html. Theile, G. (2024, April 15). Scholz macht sich für Handel mit China stark. Frankfurter Allgemeine Zeitung. https://www.faz.net/aktuell/wirtschaft/vor-treffen-mit-xi-jinping-scholz-macht-sich-fuer-handel-mit-china-stark-19654868.html

62 Reuters (2024, October 4). How EU governments voted on Chinese EV tariffs. https://www.reuters.com/business/autos-transportation/how-eu-governments-plan-vote-chinese-ev-tariffs-2024-10-04/

63 Decision of the Central Committee of the Communist Party of China on Some Major Issues Concerning Comprehensively Deepening the Reform (2013, November 12). China.org.cn. http://www.china.org.cn/china/third_plenary_session/2014-01/16/content_31212602.htm

64 Shanghai Daily (2022, February 25). https://e.shine.cn/product/shdailyproduct/pdf.aspx

European governments continue to remind Beijing that the principles of non-interference in the internal affairs of other states, upholding the sovereignty and territorial integrity of all states, safeguarding their legitimate security interests and building a community with a shared future for mankind are hallmarks of Chinese foreign policy. European governments regard it as a flagrant violation of the principle of non-interference to invade a country with military force, bomb its cities and kill its citizens. In their eyes, invading a country with armed force violates that country's sovereignty and territorial integrity and does not safeguard its legitimate security interests. They also hold that one cannot build a community with a shared future for mankind by invading one's neighbor. They therefore expect that states with a permanent seat on the UN Security Council, such as China, speak out when these principles are violated.

Most European governments also take issue with the view that a possible future NATO membership of Ukraine could in some way interfere with its neighbors' legitimate security interests. Few, however, refer to the fact that Russia is a member of the Collective Security Treaty Organization that comprises Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan. Its goal is i. a. military cooperation to ensure the collective and national security of its member States. Article 4 of its Treaty states – similarly to Article 5 of the NATO Treaty – that

> "If one of the States Parties is subjected to aggression by any state or group of states, then this will be considered as aggression against all States Parties to this Treaty. In the event of an act of aggression against any of the participating States, all other participating States will provide him with the necessary assistance, including military, and will also provide support at their disposal in exercising the right to collective defense in accordance with Article 51 of the UN Charter".[65]

Russia, therefore, is a member of a military alliance – while Ukraine is not.

For European governments, it is a red line when Russian President Vladimir Putin talks about restoring his country's historical borders or claims that wherever the foot of a Russian soldier steps, that is Russia.[66] They point out that if other European states – Germany, France, Sweden, Denmark, Austria, Turkey, to name but a few – were to set out to restore their historical borders chaos would ensue across the continent.

That Putin has been welcomed with remarkable amiability at the Third Belt and Road Forum for International Cooperation in Beijing in October 2023, even being accorded a special place, has done little to allay these European governments' misgivings. The same is true for the apparently friendly relations between the Presidents of China and Russia that were on display during the latter's visit to China in May 2024, the meeting of the two Presidents on the occasion of the 24th Conference of the Heads of State and Government of the Shanghai Cooperation Organization in Astana in July 2024, and the state visit by President Xi in Russia on the occasion of the 80th anniversary of the Second World War in May 2025.

This has led to a much more critical view of China in Europe than before. It is evident in the relationship between Brussels and Beijing, as well as with EU member states. For example, the growing distance between Berlin and Beijing became apparent during the intergovernmental consultations that China and Germany have held since 2011.

- The first five intergovernmental consultations – from 2011 to 2018 – have each resulted in a detailed joint declaration by both governments with positions on numerous important issues.
- The 6th round of consultations in 2021 still ended with a joint communiqué issued by the two foreign ministers, albeit much shorter than the joint declarations.
- At the 7th round in June 2023, there was only a press conference at which – to the anger of German journalists – not even questions were allowed.[67]

France took a noticeably different approach: The Joint Declaration adopted on the occasion of President Macron's visit to China in April 2023 is a political document of remarkable breadth and depth. In its 51 paragraphs, it expresses the will to strive for a "close and firm comprehensive strategic partnership" and provides for annual meetings between the two heads of state. Economic cooperation is to be intensified, as are military exchanges. In April 2023, France thus did pretty much the opposite of what Germany would do in June 2023.[68]

65 Collective Security Treaty Organization. https://en.odkb-csto.org/25years/

66 Faulconbridge, G., Soldatkin, V. (2025, June 20). Putin says 'the whole of Ukraine is ours' - in theory. Reuters. https://www.reuters.com/world/europe/putin-says-the-whole-ukraine-is-ours-theory-may-take-city-sumy-2025-06-20/

67 Die Bundesregierung (2023, June 20). Globalen Herausforderungen gemeinsam begegnen. https://www.bundesregierung.de/breg-de/aktuelles/deutsch-chinesische-konsultationen-2197484

68 Elysée (2023, April 7). Déclaration conjointe entre la République française et la République populaire de Chine. https://www.elysee.fr/emmanuel-macron/2023/04/07/declaration-conjointe-entre-la-republique-francaise-et-la-republique-populaire-de-chine

## 8 Views on China

When analyzing relations between Europe and China one can do worse than take a look at the various polls that gauge the mood in China vis-à-vis the EU and in the EU vis-à-vis China. It is noticeable, first of all that, according to the widely respected Edelman Trust Barometer, trust in the government among the Chinese people has been the highest among all countries world-wide for years. In 2024, that enviable place went to Saudi Arabia, but with 83 percent of the Chinese polled trusting their government China in 2025 was still no. 2. For comparison, in Germany only 35 percent trust their government – a record decline from the previous year –, in the USA 41 percent and in Japan 32 percent.[69]

There are relatively few polls that gauge the view in China towards Europe. According to the Huawei Study 2016[70], 74 percent of the Chinese polled had a positive view of Germany (whereas only 24 percent of Germans had a positive view of China). The view on other European countries was similar: France was regarded as positive by 75 percent and the United Kingdom by 72 percent of Chinese respondents. It is also remarkable that in a poll a few years ago, European companies headquartered in China were – next to Chinese companies (92 percent) – the most trusted in China: German companies were trusted by 71 percent of those polled, French companies by 65 percent and UK companies by 58 percent; Japanese companies were trusted by 51 percent and U.S. companies by 48 percent.[71]

According to the 2023 Transatlantic Trends published by the German Marshall Fund of the United States,[72] in June 2023 25 percent of respondents in a dozen major European countries saw China as a partner, 33 percent as a competitor and only 17 percent as a rival. The most critical publics were those in Germany and the UK: In Germany, only 11 percent of those polled described China as a partner, but 44 percent as a competitor and 26 percent as a rival. In the UK, only 9 percent saw China as a partner, but 33 percent as a competitor and 29 percent as a rival.

The willingness to cooperate with China was largest regarding new technologies, trade, and energy and raw materials. It is noticeable that at least half of respondents in all participating states would want their country to be "tougher" on China even if this would have a negative impact on their country's economy. Then again, the interest in cooperation with China on trade, energy and new technologies outweighed the preference for a tougher approach against Beijing. Remarkably, too, young people held more positive views on China than their elders.

Most significant is perhaps that 62 percent of those polled saw the U.S. as the most influential global power, with the EU (19 percent) and China (14 percent) lagging well behind. But when asked which country would be the most influential actor in five years, views changed markedly: While 35 percent thought that the U.S. would still be no. 1, the share of those who thought that the top spot would go to China rose to 31 percent and those that accorded this place to the EU dropped to 15 percent. [73]

In another poll in eleven European countries in 2020, 59 percent of respondents had expressed the belief that in ten years' time, China would definitely or probably be a stronger power than the U.S.[74]

Still, while in the 2023 Transatlantic Trends the prevailing view was that China's influence would be rising over the next couple of years, the general feeling about China's influence in global affairs was unflattering: 56 percent regarded China's influence as negative or very negative, and only 29 percent as positive or very positive. That is a marked contrast to the general view on the U.S. influence which was seen by nearly twice as many of respondents – 57 percent – as positive or very positive and by 30 percent as negative or very negative.[75]

This has, however, been impacted by the election of Trump to the presidency in 2024: immediately after the election, his influence on German-U.S. relations was seen as negative by 79 percent of German respondents and only by 17 percent as positive.[76]

In a poll conducted by the US Pew Research Center in March 2023, China also received mostly negative ratings. 76 percent of Germans polled stated that they had an unfavorable opinion of China – more than twice as many as in 2006. In all of the participating European countries – exception: Hungary (50 percent) – more than half held an unfavorable opinion of China; in Sweden the share was as high as 85 percent. In all of these countries with one exception – again Hungary –, the share of those

69 2025 Edelman Trust Barometer (2025). P. 52. https://www.edelman.com/sites/g/files/aatuss191/files/2025-01/2025%20Edelman%20Trust%20Barometer%20Global%20Report_01.23.25.pdf

70 Huawei (2016). Deutschland und China | Wahrnehmung und Realität – Die Huawei-Studie 2016. https://huawei-studie.de/wp-content/uploads/2022/01/Die_Huawei_Studie_2016_DE.pdf

71 Edelman Trust Barometer 2022 (2022). P. 25. https://www.edelman.com/sites/g/files/aatuss191/files/2022-01/2022%20Edelman%20Trust%20Barometer%20FINAL_Jan25.pdf

72 German Marshall Fund of the United States (2023, September 12). 2023 Transatlantic Trends. https://www.gmfus.org/sites/default/files/2023-09/TT2023_digital-2.pdf

73 German Marshall Fund of the United States (footnote 72) pp. 11 s.

74 Krastev, I., Leonard, M. (2021, January 19). The crisis of American power: How Europeans see Biden's America. European Council on Foreign Relations. https://ecfr.eu/publication/the-crisis-of-american-power-how-europeans-see-bidens-america/

75 German Marshall Fund of the United States (footnote 72) pp. 13 ss.

76 Körber-Stiftung (2024). The Berlin Pulse 2024/2025. P. 20. https://koerber-stiftung.de/site/assets/files/43931/the-berlin-pulse_2024-25.pdf

holding an unfavorable view of China had gone up since 2022, in Poland by a full 12 percent.[77] Remarkably, in some of these countries – Italy, Germany, the Netherlands, Greece and Spain – more people thought that China – and not the U.S. – was the world's top economic power.[78] Remarkably, too, for a country that like China stresses the need not to interfere in other countries' affairs, majorities of between 54 and 82 percent of respondents in all participating European countries believed that China does interfere in other countries' affairs – exception again: Hungary (46 percent).[79] But majorities in all participating European countries – between 62 and 82 percent – regard China's technological achievements as the best or above average world-wide.[80]
Views have not changed much of late. The Berlin Pulse Survey 2024/2025 that contains data from September 2024 reports that 61 percent of Germans polled see China's growing influence as negative and only 5 percent as positive. 60 percent state that Germany should decrease its dependence on China, even if employment in Germany would suffer; 37 percent disagree. 56 percent see China as a large threat to the German economy, 34 percent as a small threat, and only 9 percent as no threat at all.[81]
Also according to the Asia Society Policy Institute, which draws together survey results from various sources, China's approval rating — the percentage of positive responses minus negative responses – has gone down considerably in Europe, from an average of +56 in 2000 to -28 in 2024.[82]
There is a lively debate about whether these negative results are due, at least in part, to unfavorable reporting in the European press. Although there are no Europe-wide studies on China's portrayal in the press, two studies on the German media exist.

– A study from 2010 analyzed nearly 9,000 contributions on China in a number of German media in 2008. It concluded that "[n]ormatively pejorative images of China […] as a 'supporter of rogue states,' as a 'climate sinner,' as a 'cheap producer,' or as a country with an 'unbridled hunger for raw materials'" characterized the discourse. Overall, one could therefore speak of an ongoing dissemination of existing stereotypes by the media.[83]
– A second study examined some 700 contributions on China in a number of German media during the first half of 2020. It came to the conclusion that "China clichés and stereotypes […] are handed down, and in some cases revived. [...] In the process, the media construct a contrast between party and state interests (maintaining power and stability) […] on the one hand, and the interests of the population (freedom and democracy) on the other."[84]

It would be beneficial for the relationship between China and Europe if future reporting on China in the European media could avoid such stereotypes and be more equitable in their treatment of the country.

## 9 Europe between the U.S. and China

Following Trump's re-election, both European leaders and citizens are watching the situation in the U.S. with concern. They fear that a second Trump presidency could further distance Washington from the European Union and NATO. At a time when the EU Commission is trying to distance itself from China under the guise of "de-risking," this development could leave Europe at odds with two of the world's major powers.
When asked in 2020, 32 percent of respondents in eleven European countries voiced the opinion that, after voting for Trump in 2016, Americans could no longer be trusted, and only 27 percent disagreed. In Germany, more 53 percent of respondents agreed with this view.[85] In April 2020, during the first Trump presidency, 37 percent of German respondents held the view that having close relations with the USA was more important than having close relations to China – but, to the considerable dismay of the political class in Berlin, 36 percent believed relations to China to be more important than those to the USA; 13 percent spoke out in favor of equidistance. In September 2020, things were however back to "normal", with 56 percent in favor of the US and only 27 percent favoring China.[86]

77 Silver, L., Huang, C., Clancy, L. (2023, July 27). China's Approach to Foreign Policy Gets Largely Negative Reviews in 24-Country Survey. Pew Research Center. https://www.pewresearch.org/global/2023/07/27/chinas-approach-to-foreign-policy-gets-largely-negative-reviews-in-24-country-survey/
78 Silver, L., Huang, C., Clancy, L. (footnote 77). https://www.pewresearch.org/global/2023/07/27/which-country-is-the-worlds-top-economy/
79 Silver, L., Huang, C., Clancy, L. (footnote 77). https://www.pewresearch.org/global/2023/07/27/chinas-international-behavior/
80 Silver, L., Huang, C., Clancy, L. (footnote 77). https://www.pewresearch.org/global/2023/07/27/chinese-soft-power/
81 Verian. Deutsche Außenpolitik 2024 (2024). Pp. 22 ss. https://koerber-stiftung.de/site/assets/files/43628/verian_theberlinpulse_2024.pdf
82 Asia Society Policy Institute (2024). Global Public Opinion on China. https://asiasociety.org/policy-institute/global-public-opinion-china
83 Richter, C., Gebauer, S. (2010). Die China-Berichterstattung in den deutschen Medien. Heinrich Böll Stiftung. https://www.boell.de/sites/default/files/Endf_Studie_China-Berichterstattung.pdf
84 Jia, C., Leutner, M., Xiao, M. (2021, December). Die China-Berichterstattung in deutschen Medien im Kontext der Corona-Krise. Rosa Luxemburg Stiftung. https://www.rosalux.de/fileadmin/rls_uploads/pdfs/sonst_publikationen/Studien_12-21_China-Berichterstattung_web.pdf
85 Krastev, I., Leonard, M. (footnote 74).
86 Körber-Stiftung (2020, November). 2020/21 The Berlin Pulse – German Foreign Policy in Perspective. https://koerber-stiftung.de/site/assets/files/18573/koerber_theberlinpulse_web_20201118.pdf

One of the most important tasks for European leaders is to determine Europe's position relative to the U.S. and China. Many Europeans foresee China becoming the most influential actor in global politics over the next few years. European politicians should take note: They should seek closer cooperation with Beijing to minimize the effects of a possible – and, given the April 2025 "Liberation Day" tariffs and developments in security policy, probable – future estrangement from Washington. Political interactions between Brussels, other European capitals, and Beijing should therefore once again reach the former quality of relations. Both Europe and China stand to gain from this.

Europe's leaders are in a complicated situation. In their view, China is striving to become the leader of the Global South, at the very least. It is doing so through the Belt and Road Initiative (BRI), the now-expanded BRICS, and the enlarged Shanghai Cooperation Organization (SCO), which is now holding "SCO Plus" meetings. China is also skillfully expanding its influence in the G20 and the United Nations. Meanwhile, the U.S. treats China as a geopolitical rival. There are few issues on which Democrats and Republicans in Washington agree, but containing China is one of them. Reciprocal economic coercive steps are increasing. For a long time, Beijing has blocked certain U.S. platforms from the Chinese internet. More recently, it banned U.S. technology from its government institutions and state-owned companies. In turn, Washington is sealing off its high-tech sector from China, in part by banning exports, and urging its allies to take similar steps. Notably, it was President Joe Biden who imposed tariffs of 50 percent on solar cell imports from China and 100 percent on imported electric cars. In April 2025, Trump imposed additional tariffs on all Chinese products, and China responded in kind.

Any weakening of the West or further U.S. withdrawal from multilateral organizations could increase China's global influence. Coercive trade measures from both Washington and Beijing could result in U.S. and Chinese overcapacities flooding European markets.

European leaders have no interest in a zero-sum game between major powers, whether political or economic. Their interest must be to get along with both Washington and Beijing. They need both capitals as partners in addressing global issues such as climate protection, nuclear non-proliferation, disarmament and resolving major conflicts. This will require a sovereign Europe that is independent from both the U.S. and China and at the same time cooperates well with both powers. Few statesmen pursue this line as consistently as French President Macron who has in his second address on Europe at the Sorbonne University once more set out his vision for such a Europe.[87] Then again, his influence may be on the wane after the unfortunate parliamentary elections he called in 2024.

Therefore, now is a time for bold changes. Two changes are necessary to restore the fruitful cooperation that has long characterized the relationship between Europe and China.

First, Europe must stop emulating the U.S. position that China is its major political rival. This may be the case from Washington's perspective, but not from Europe's. Unlike the U.S., Europe is not concerned that Beijing will take its place as the "exceptional nation" — simply because Europe has never aspired to that position.[88] There are no significant political differences between China and Europe that cannot be resolved if both sides are willing; so it makes little sense to speculate that they might evolve in the near future – such as regarding a military conflagration in the Taiwan Straits. This is why Brussels and Beijing should be able to cooperate across the board, particularly in economic matters.

While there has been much talk of "de-risking" from China by the European Commission and EU governments – such as in the 2023 Strategy on China of the German traffic-light coalition[89], German companies have done just the opposite, investing record amounts in China in 2022 and 2024.[90]

Others appear to follow that lead: After a long time of more critical pronouncements on China, EU Commission President von der Leyen remarkably stated at the January 2025 World Economic Conference in Davos:

> "I believe that we must engage constructively with China – to find solutions in our mutual interest. 2025 marks 50 years of our union's diplomatic relations with China. I see it as an an opportunity to engage and deepen our relationship with China, and where possible, even to expand our trade and investment ties".[91]

A few days later she stated at the EU Ambassadors Conference that while there were imbalances and risks which come with doing business with China,

87 Macron, E. (2024, April 25). Discours sur l'Europe. *Elysée*. https://www.elysee.fr/emmanuel-macron/2024/04/24/discours-sur-leurope
88 Röhr, W. (2021, September 1). Biden can't assume Europe is fully on board with US' China policy. South China Morning Post. https://www.scmp.com/comment/opinion/article/3146920/biden-cant-assume-europe-fully-board-us-china-policy
89 See footnote 36
90 Pape, L. (footnote 16)
91 Von der Leyen, U. (2025, January 21). Davos 2025: Special Address by Ursula von der Leyen, President of the European Commission. World Economic Forum. https://www.weforum.org/stories/2025/01/davos-2025-special-address-by-ursela-von-der-leyen-president-of-the-european-commission/

> "there is also room to engage constructively with China – and find solutions in our mutual interest. And I think we can find agreements that could even expand our trade and investment ties."[92]

Von der Leyen has, however, backtracked from that position at the G7 summit in June 2025 – to pander to the U.S. president? At a working lunch she stated:

> "We are seeing a new 'China shock'. […] This pattern of dominance, dependency and blackmail continues today."[93]

In a speech to the European Parliament in July 2025 von der Leyen observed:

> "China is running the largest trade surplus in the history of humankind. […] Our products are systematically discriminated in public procurement […]. The system is explicitly rigged. […] China […] started flooding global markets with cheap, subsidised goods, to wipe out competitors. […]
> China's unyielding support for Russia is creating heightened instability and insecurity here in Europe. We can say that China is de-facto enabling Russia's war economy. We cannot accept this. And I have always said: How China continues to interact with Putin's war, will be a determining factor for EU-China relations going forward. If China claims to defend the international rules-based order – then it should unequivocally condemn Russia's gross violation of Ukraine's sovereignty, territorial integrity and internationally recognized borders."[94]

The EU-China summit on the occasion of the 50th anniversary of the establishment of diplomatic relations between the EU and China in Beijing on 24 July 2025 – that, according to protocol, would have to be held in Brussels – was held under unfavorable circumstances.
From a European perspective, President Xi Jinping's attendance at the May 2025 parade in Moscow commemorating the 80th anniversary of the victory in the Great Patriotic War; China's alleged overcapacities endangering European industry; and China's inflexible stance during negotiations on EU tariffs on Chinese electric vehicles hindered a substantial agreement at the summit. The same can be said for the explanation that Chinese foreign minister Wang Yi reportedly gave to EU foreign policy chief Kaja Kallas during his July trip to Brussels, Berlin, and Paris: Beijing does not want Russia to lose in Ukraine because that would enable the U.S. to concentrate entirely on China.[95] Symbolic steps by China, such as lifting sanctions on some members of the European Parliament in April 2025 and on a retired German MEP in July, as well as allowing the executive director of a leading German think tank on China to travel to China in mid-July, were obviously not enough to resolve the situation.
China, in turn, felt let down by its "strategic partner" Europe. It heard a lot of talk in Brussels about strategic independence, but when push came to shove, the EU always appeared to side with Washington, even in the face of an increasingly idiosyncratic U.S. president. China's growing presence in world markets is seen in Beijing as a result of innovation and economies of scale. Export restrictions such as those on rare earths are also being used on other items by the EU and, for that matter, the U.S.[96]
Given these disagreements, it is not surprising that the summit had few tangible results. Apart from a vague EU-China press statement on climate change and a Chinese commitment on technical issues regarding rare earths, the EU leaders returned to Brussels with little to show for their long trip.[97]
Just three days later, on 27 July 2025, von der Leyen travelled to Scotland, where she met U.S. President Trump at one of his golf resorts to conclude an agreement that, to most observers, looks like a US diktat: a 15 percent tariff on EU exports to the U.S., with no EU tariffs on U.S. imports of industrial goods. This meeting followed G7 and NATO summits at which allies and partners had fallen over themselves to pander to the U.S. president.

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92 Von der Leyen, U. (2025, February 4). Speech by President von der Leyen at the Ambassadors Conference 2025. European Commission. https://ec.europa.eu/commission/presscorner/detail/en/speech_25_404
93 Von der Leyen, U. (2025, June 16). Statement by President von der Leyen at Session II - working lunch of the G7, 'Economic growth, security and resilience'. European Commission. https://ec.europa.eu/commission/presscorner/detail/it/statement_25_1522
94 Von der Leyen, U. (2025, July 8). Speech by President von der Leyen at the EP plenary joint debate on EU-China relations. Delegation oft he European Union to the People's Republic of China. https://www.eeas.europa.eu/delegations/china/speech-president-von-der-leyen-ep-plenary-joint-debate-eu-china-relations_en?s=166
95 Bermingham, F. (2025, July 4). China tells EU it does not want to see Russia lose its war in Ukraine: sources. South China Morning Post. https://www.scmp.com/news/china/diplomacy/article/3316875/china-tells-eu-it-cannot-afford-russian-loss-ukraine-war-sources-say
96 Detsch, C., Hegewisch, N. (2025, August 5). Partners, rivals and something in between. IPS. https://www.ips-journal.eu/topics/economy-and-ecology/partners-rivals-and-something-in-between-8443/?utm_campaign=en_1324_20250805&utm_medium=email&utm_source=newsletter
97 European Council, Council of the European Union (2025, July 24). 25th EU-China summit - EU press release. https://www.consilium.europa.eu/en/press/press-releases/2025/07/24/25th-eu-china-summit-eu-press-release/. Huaxia (2025, July 24). Xi Focus: Xi calls on China, EU to provide more stability, certainty for world through steady, sound bilateral relations. Xinhuanet. https://english.news.cn/20250724/9bcda7e024ef4b5f9530e08a0f838993/c.html?utm_source=substack&utm_medium=email

Within just a few days, the European Union thus learnt the hard way that its current policies towards its two major trading partners are in dire straits. Fifty years after establishing diplomatic relations with China, the EU finds itself caught between a rock and a hard place: deferential to the U.S. and antagonistic to China.

Following the Trump administration's imposition of tariffs on friend and foe alike since April 2025 as well as the unequal agreement with the EU of July 2025, Europe will need to look out for itself by improving its trade relationships with the rest of the world, particularly China.[98] As major beneficiaries of globalization, Germany and China should lead the way in promoting globalization, free trade, and economic exchanges between Europe, China, and the Global South.[99] One important step should be to revive the Comprehensive Agreement on Investment which was politically agreed upon on 30 December 2020 by Chinese President Xi Jinping on the Chinese side and EU Commission President von der Leyen, European Council President Charles Michel, German Chancellor Angela Merkel and French President Macron on the European side.[100] This is a task that should be high on the to-do-list of the new German government.[101]

However, China's policy must also evolve. Just as China has red lines in its foreign policy the crossing of which it will not tolerate, such as the one-China principle, Europe has them as well. One of these is peace in Europe. Russia's war against Ukraine is unacceptable for the EU. Therefore, Europeans expect China, as a responsible permanent member of the UN Security Council, to condemn armed aggression anywhere in the world, including in Europe.

This should not be too difficult for China, which held a conference on 28 June 2024, to commemorate the 70th anniversary of Premier Zhou Enlai's proclamation of the Five Principles of Peaceful Coexistence. These Principles – mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality, and mutual benefit – are indeed key to solving also today's pressing security issues, including the current war in Europe. If China successfully demonstrates its commitment to these principles to the international community, it will create a genuine opportunity to safeguard the post-war international order, uphold the authority and status of the UN, and encourage all nations to abide by the purposes and principles of the UN Charter.[102]

China and Europe should re-establish their close relationship by jointly contributing to the early termination of hostilities in Europe on the basis of the principles upheld by both, in particular the respect for the sovereignty and territorial integrity of all states as mandated by the UN Charter. That precludes, in particular, the denial of the existence of Ukraine, a UN member state, [103] by Russia. Together China and Europe should oppose the interference by external forces in the internal affairs of states, including by military operations. Both should use their leverage to bring about an immediate end to hostilities and a withdrawal of all armed forces to internationally agreed borders. Then, peace negotiations should be held that take into account the immediate interests of all states concerned as well as underlying root causes.[104]

98 Roehr, W. in: Powell, J., Zheng, W. (2025, April 4). Transatlantic relations face test with new levies. China Daily. https://www.chinadaily.com.cn/a/202504/04/WS67ef1630a3104d9fd381d95e.html

99 Roehr, W. (2025, January 24). Hedge against pressure. China Daily. https://www.chinadaily.com.cn/a/202501/24/WS6792d27ba310a2ab06ea901c.html

100 EU and China reach agreement in principle on investment (2020, December 30). Press Release. European Union. https://ec.europa.eu/commission/presscorner/detail/en/ip_20_2541

101 Roehr, W. (2025, May 22). Winds of change. China Daily. https://www.chinadaily.com.cn/a/202505/22/WS682e6db4a310a04af22c0d12.html

102 Roehr, W. (2025, June 6). Duty of care. China Daily. http://epaper.chinadaily.com.cn/a/202506/06/WS68423796a310ad6769f2267d.html

103 Roehr, W. (2024, June 14). Applied Partnership. China Daily. http://epaper.chinadaily.com.cn/a/202406/14/WS666b7f71a3106431fe82c623.html

104 Röhr, W. (2023, January 13). Meaningful Convergence. China Daily. https://www.chinadaily.com.cn/a/202301/13/WS63c0c731a31057c47eba969a.html