

EU: Still divided on how to deal with China

- With French President Emmanuel Macron and European Commission President Ursula von der Leyen arriving in Beijing today, 5 April, the EU is still struggling to develop a common China policy.
- Von der Leyen's recent hawkish speech does not reflect a European consensus on the issue but an attempt to avoid past policy mistakes.
- The actual economic implications of such rhetoric will remain limited barring moves by Beijing against the EU's single market or European interests regarding Ukraine or Taiwan.

The divisions between hawks and doves still characterize the EU's policy towards China. Despite Beijing's attempts at [resetting the bilateral relation](#) after two years of continuous deterioration, [China's continued partnership with Russia](#) as the latter continues to wage war on Ukraine has only helped to reinforce hawkish perceptions in Brussels. Moreover, certain member states – such as those in Eastern Europe – have become more willing to align their China policy preferences with those of the US, given the renewed importance of the strategic partnership with Washington. Overall, hawks are becoming increasingly convinced that the long-term trajectory of China's domestic and foreign policies is bound to clash with the interest and values of the EU, which requires a firmer approach towards Beijing.

At the same time, other member states, such as Germany and France, want to maintain a constructive economic and diplomatic relationship with China. As previously explained, while there are diverging views within the ruling coalition in Berlin, a hawkish shift in [Germany's policy towards Beijing](#) is made difficult by the need to develop an alternative to the country's export-led growth model. Regarding France, Macron's approach to Beijing seems motivated by his belief in using personal diplomacy to extract concessions and his desire to pursue a distinctive foreign policy line from the US. Spanish Prime Minister Pedro Sanchez also pursued an "engagement" rhetoric during his recent trip to Beijing, with concerns about the increasingly imbalanced economic relationship between Spain and China underpinning much of his messaging. Macron might espouse similar concerns during his trip.

Warning Beijing, preparing for the worst

Given the divisions on the issue, Von der Leyen's hawkish tone during a speech delivered on 30 March surprised many. However, the Commission president's words should not be mistaken for an emerging EU consensus on China. Rather, her messaging is probably aimed at fulfilling two goals. The first one is to warn Beijing about the potential implications of adopting decisions against the EU's interests in the short term, for instance, regarding Ukraine. The second objective would be to avoid repeating past mistakes, such as the ones derived from the EU's overtly dovish approach toward Russia. Therefore, the rhetoric on "de-risking" reflects the Commission's push to convince member states to prepare for a potential worsening of the relationship with China. Furthermore, the language on the need to promote the EU's "economic security" is very much aligned with that of the joint EU-US statement that followed the meeting between Von der Leyen and US President Joe Biden on 10 March.

This direction of travel is not new. As previously [explained](#), the Commission has been proposing several pieces of legislation in recent months designed to allow the Union to use its market size to enforce economic and geopolitical goals. For example, the Council (i.e., the member states) and the European Parliament recently approved the new anti-coercion instrument. A regulation devised to address the distortions created by foreign subsidies also entered into force in January.

However, developing a common approach on issues such as [export controls](#) or a potential outward foreign investment regime will be much more challenging given both areas touch on core member states competences.

Putting the ball on Beijing's camp

In any case, the fact that the EU has developed instruments to defend itself does not mean it will be keen on using them. For instance, the anti-coercion instrument is fundamentally aimed at deterring aggressive behavior by third countries, particularly China. Still, even in a scenario where Beijing was to weaponize its trade ties with the EU, some member states might be reluctant to activate it unless it directly impacted their interests.

Overall, Brussels is unlikely to make any moves that could damage the bilateral relationship unless Beijing adopts measures that run against the EU's key interests, for instance, regarding China's [hypothetical supply of weapons to Russia](#). Nevertheless, the increasing assertiveness of some EU elites on the Taiwan issue could also create some friction. Another signpost to watch is the potential reaction of Beijing to the approval and implementation of relevant pieces of EU legislation, such as the regulation to prohibit products made using forced labor on the internal market.

Going forward, the EU's China policy will probably continue to reflect a cacophony of hawkish and dovish messages. Furthermore, a significant deepening of the bilateral trade and investment relationship remains unlikely. In this regard, reviving the Comprehensive Agreement on Investment (CAI) as proposed by China seems off the table unless Beijing were to make some conciliatory moves, such as removing its [countersanctions](#) on EU individuals and entities. However, ratifying the agreement would be challenging even in such a scenario, given its unpopularity among the more hawkish policy elites.

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Antonio Barroso

Deputy Director of Research
+33 613 28 90 52
antonio.barroso@teneo.com

Carsten Nickel

Deputy Director of Research
+44 20 7186 8873
carsten.nickel@teneo.com

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