

The EU's Tactical Approach and 'Conditional Engagement' with China in the Context of a Challenging Transatlantic Relationship

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Introduction

Before the U.S. presidential election in 2024, China-EU relations were kept at an absolute minimum. This was mainly due to China's unfair trade practices and its support for Russia in the war of aggression towards Ukraine. As a result, the European Commission, together with most member states, implemented measures to protect the economic and political interests of the Union. This is exemplified by the imposition of tariffs on Chinese electric vehicles¹ and the inclusion of Chinese entities in sanctions against Russia.² However, these instruments were not intentionally designed with China in mind; rather, some were originally created with an idea to protect the European market from American policies during the previous administrations.³ Despite that using the instruments and addressing challenges in relations with China was intended (and perceived within EU institutions and member states) as a key element linking the EU and the U.S. following Donald Trump's inauguration. This was due to the U.S.'s ambiguous stance toward Russia, its undermining of the transatlantic relationship's importance, and, most notably, trade measures, including the sudden increase (and instability in terms of levels) of U.S. tariffs on every EU member state (and globally as well). This has strengthened China's opportunities, efforts and its 'charm offensive' to enhance the relationship with the Union. The specific effects of such policies were as equally important as the unmeasurable results of trust reduction in transatlantic cooperation, also in the context of the continuity of communication on common threats originating from China under the previously existing platforms such as EU-US High Level Meetings on China and EU-US High Level Consultations on Indo-Pacific.⁴

Circumstances

Regardless of US policy during President Donald Trump's second term affecting the economic and political situation of many U.S. partners, including the European Union, EU-China relations have remained at a similar level for several years. Importantly, the establishment of relations with China and the evaluation of China's impact on the EU's economic and security landscape remain key points of contention among the Member States and European institutions, such as the Parliament, Commission, and Council. The divergence of the interests of the member states and the complexity of problems originating from relationship with China⁵ make the unity of the Union in policy towards the People's Republic of China (PRC), postulated from time to time in the public debate, impossible. Furthermore, the context of several U.S. actions (mainly tariffs), including towards the EU, as well as with regard to a possible change in the U.S. presence in Europe, further reduces the likelihood of a unified strategy of action by reinforcing differences of opinion within the EU. In this situation, the Union's policy towards China, given the unique and complex nature of the threat, remains differentiated according to the mechanisms derived from the treaty competencies.

¹ EU Commission imposes countervailing duties on imports of battery electric vehicles (BEVs) from China, December 12, 2024, DG Trade, www.trade.ec.europa.eu.

² J. Payne, *EU adopts new Russia sanctions targeting China, shadow fleet*, Reuters, December 17, 2024, www.reuters.com.

³ The main examples are the Anti-Coercion Instrument (2023) and Foreign Subsidies Regulations (FSR) (2023) with European Commission (DG Competition) as sole enforcer of FSR. Among others the EC also started and completed with tariffs several investigations on Chinese products based on the Basic Anti-Subsidies Regulations in place since 2018.

⁴ The EU and US convened high-level meetings to align on mutual concerns regarding China's global conduct and to enhance collaboration in fostering a free, open, and secure Indo-Pacific region.

⁵ The challenges are very broad and include threats to the competitiveness and existence of key sectors of the EU economy (the automotive industry) and the security of Member States (especially on NATO's eastern flank) through political, economic and, to some extent, military support for Russia's war economy.

Thus, in the domain of trade (and digital) policy, this means the leadership of the EC, which in its current term (with majority support from member states) continues to use legislation (such as the Digital Services Act or Digital Markets Act) and instruments (including the Foreign Subsidies Regulation, which is immune to possible intervention by member states), impose tariffs (as on Chinese electric vehicles), or penalties on Chinese social media like Tik-Tok.⁶ The Commission is also a leading player in trying to reduce dependencies in the area of economic security. Here (and in the security sector in general), however, the lion's share of competence remains the domain of member states, which means that the response is limited, driven by the need for unanimity, and therefore often quite symbolic (as precisely in the case of sanctions imposed on Chinese entities for supporting Russia). Apart from political communication with the Chinese, the EU has not actively responded to deepening Chinese economic and military support for Russia, or likely China's involvement in Russian hybrid operations and disinformation.

Indeed, some EU member states hesitate to adopt a robust EU policy towards the PRC, fearing the potential negative impact on their own relations with China. In their view and political calculations, China still represents an opportunity for economic development. Realistically (despite their political declarations), they deny the need to further reduce dependence, deprecate the possible security risks associated with it, and oppose strengthening EU law and the EC's ability to act in this regard. Spain and Germany (despite the limited announcements of new German government) are examples of this. Conversely, some countries, particularly the Baltic states, the Czech Republic, and Sweden, perceive China's negative impact on European security and are striving to secure a majority within European institutions to advocate for a more decisive response.

No real change in bilateral relations

So far, in the assessment of the EU institutions, the dynamics in U.S. policy (although significant) have not directly affected China's relations with the European Union. The most important challenges (mentioned in the earlier part of the text), identified, among others, by President von der Leyen in her guidelines of the work of the new European Commission⁷ still exist. Some of them, moreover, might increase, such as the import of Chinese overproduction into European markets. China's political announcements during Xi Jinping's visit to Moscow (7-10 May)⁸ and the strengthening of China's strategic cooperation with Russia, as well as credible Ukrainian confirmations of the presence of Chinese arms and Chinese soldiers on the frontline on the Russian side⁹ also point to China's continued active involvement in helping Russia in Europe, a joint effort to change the European security architecture.

⁶ R. Featherston, *Slamming the Brakes: The Eu Votes to Impose Tariffs on Chinese EVs*, Centre for Strategic and International Studies, December 16, 2024. <https://www.csis.org/blogs/trustee-china-hand/slamming-brakes-eu-votes-impose-tariffs-chinese-evs>; Commission preliminary finds TikTok's ad repository in breach of the Digital Services Act, May 15, 2025, <https://digital-strategy.ec.europa.eu/en/news/commission-preliminarily-finds-tiktoks-ad-repository-breach-digital-services-act>.

⁷ *Political Guidelines 2024-2029*, European Commission, July 18, 2024, www.commission.europa.eu.

⁸ Xi Jinping dida Mosike fu nu ke wo zhuanji jichang fabiao shumian jianghua (Xi Jinping arrived at Moscow Vnukovo Airport and delivered a written speech), MFA China, 8 May 2025, www.mfa.gov.cn.

⁹ T. Wong, *Zelensky claims 155 Chinese fighting for Russia in Ukraine*, BBC News, April 10, 2025, www.bbc.com.

So nothing has substantially changed in Sino-EU relations. Amidst its ongoing trade war with the U.S., China is also refraining from making a concrete offer of cooperation to the EU¹⁰. This remains limited to positive rhetoric and gestures. The lifting of China's 2021 sanctions on MEPs in April this year¹¹ is the only concrete action, but of symbolic significance. It is meant to reinforce China's positive rhetoric of goodwill towards the EU, but is very limited in nature. Nor does it signify the European Parliament (EP) abandonment of sanctions on China introduced due to violations of Uighur rights. It is meant to reinforce (and lend credibility to) the pro-China sympathies (and demands for greater cooperation with China) of some of the MEPs negatively assessing the Donald Trump administration's policies toward the EU. It was decided only after the EP in March this year cancelled the informal ban on inviting Chinese (but no longer Russians and Belarusians) to official meetings. According to China, this may even lead to the resumption of official dialogue between the EP and the Chinese authorities. For China, as highlighted by the recent corruption scandal involving MEPs and linked to Huawei¹², the ability to influence the parliament's actions and counterbalance measures that could harm China's interests—such as those related to 5G, investment screening, and human rights—is crucial in its policy towards the Union. These activities partly involve the European Parliament's role in inspiring and crafting legislation and actions concerning data collection by Chinese companies from European entities and citizens. Such activities raise concerns about privacy and personal rights violations (GDPR), as they could potentially facilitate more effective destabilization and disinformation campaigns targeting Europeans.

The lack of a viable Chinese offer to the EU in the context of trade disputes with the U.S. is probably due to the Chinese authorities' belief in the positive prospects of economic and political developments. The politically difficult U.S. pressure for a specific trade deal, the economic difficulties associated with the increase in tariffs, and above all, the growing distrust in the credibility and effectiveness of the transatlantic alliance resulting from U.S. policy, would be expected to induce the EU to be more submissive to China and deepen the desire to warm relations. China is not naive, however, with its consideration of the EU's ability to break transatlantic bonds in exchange for a better relationship with China. Realistically (on which there is a fairly large consensus in Brussels), the economic interests of the EU and China are at odds, especially in the situation of high U.S. tariffs (depending on the decision after 90 days¹³) and repressive trade policies. The EU's attempts to safeguard the common market against the influx of competing goods thus contrast with China's need to channel additional exports to the EU market. According to some EU officials, observers and analysts in Brussels, the Sino-US dispute creates additional opportunities for the Union to negotiate with China.¹⁴

¹⁰ M. Przychodniak, *Chinese offer for the EU Seems Illusory*, PISM, April 1, 2025,

¹¹ *China lifts sanctions against MEPs*, European Parliament, April 30, 2025, www.europarl.europa.eu. Chinese authorities have imposed sanctions on MEPs, MEP citizens, and think tanks in response to the EU's January 2021 restrictions on Uighur rights violations in China's Xinjiang. The current lifting affects only four MEPs (out of five, one of those sanctioned did not run in the 2024 elections).

¹² S. De La Feld, *Belgian prosecutors investigate alleged corruption involving Huawei and MEPs*, EU News, 13 March 2025. <https://www.eunews.it/en/2025/03/13/belgian-prosecutors-investigate-alleged-corruption-involving-huawei-and-meps/>

¹³ E. Buchwald, K. Liptak, *Trump announces 90-day pause on 'reciprocal' tariffs with exception of China*, CNN, 9 April 2025, www.cnn.com

¹⁴ Based on author's interviews during study visit in Brussels in April 2025 among DG Trade, DG Competition, DG Energy, European Commission and research institutions based in Brussels.

Conditional engagement

There is a sense of willingness and need within the current EC (also due to the position of some member states - Portugal, Spain, Slovakia Hungary, but also, most likely, Germany) to signal an opening towards China in a situation of growing disputes with the US. However, this does not mean giving up (or being less determined) on practical action in defence of the common market and security interests, but more on the possibility of raising expectations towards the Chinese. Such a position can be described as "conditional engagement," a rhetorical shift from the "derisking" narrative of previous years. This message was communicated to the Chinese by Commissioner Sefcovic, who also announced progress in negotiations on a price cap for electric vehicles. This includes the potential elimination of EU tariffs, contingent upon the transfer of Chinese technology in the battery industry.¹⁵ In her discussion with Chinese Prime Minister Li Qiang, President von der Leyen adopted a similar tone, emphasizing that both China and the U.S. bear the responsibility for resolving the current economic challenges facing the world.¹⁶ Indeed the plans for a joint trip by the EC President and the head of the European Council to Beijing to meet with Xi Jinping (and proceed with this year's EU-China summit) are seen in this context as part of this dialogue, rather than a concession to China.¹⁷ The EC's willingness to remove tariffs (symbolic from the point of view of the EC's efforts to promote the competitiveness of the EU economy) in exchange for price caps on Chinese electric vehicles and technology transfer is seen by the EC as a confirmation of the effectiveness of this mechanism. It has enabled (of course, also due to US trade policy) progress and positive results in talks with the Chinese.

Thus, the European Commission sees the current situation in relation to China and the U.S. as an opportunity to increase pressure on China, if only in the context of the levels of Chinese overproduction that would appear in the common market, as well as other markets competing with EU products. The EC's perception (paradoxically identical to China's view of European capabilities) is that the EU is in an advantageous position as time is playing in its favour with regard to the US-China rivalry, especially from an economic perspective. However, it will continue to use instruments such as the FSR,¹⁸ impose new tariffs and export restrictions, and increase requirements of Chinese companies interested in investing in the EU (mainly in the automotive sector). The EC also wants to strengthen trade relations with other partners (Australia, India, MERCOSUR,¹⁹ Mexico, Switzerland, etc.) and develop its own competitiveness, keeping an equal distance from both China and the U.S. on economic issues, and focusing not so much on responding to other competitors, but on building and developing its own capabilities. This is one of the elements of economic security, the codification of which under a unified doctrine giving the EU the right context and ways to act using existing tools would be one of the EU's responses to the current situation between the U.S. and China. Developing such a doctrine is one of the most important tasks of the current EC.

¹⁵ *EU, China will look into setting minimum prices on electric vehicles, EU says*, Reuters, 10 April 2025, www.reuters.com.

¹⁶ *Read-out of the phone call between President von der Leyen and Chinese Premier Li Qiang*, European Commission, April 8, 2025, www.ec.europa.eu.

¹⁷ F. Bermingham, *EU leaders plan trip to Beijing in July for summit with Xi Jinping*, South China Morning Post, 11 April 2025, www.scmp.com.

¹⁸ From July 2023, an instrument of the EU's competition policy has been implemented, enabling the European Commission to address distortions caused by foreign subsidies. This measure aims to ensure a level playing field for all companies within the single market. See: *Foreign Subsidies Regulation*, https://competition-policy.ec.europa.eu/foreign-subsidies-regulation_en.

¹⁹ MERCOSUR, short for Southern Common Market, is a regional trade agreement that aims to create a common market in South America.

The complex nature of the interests of the member states, the relationship between the EC and the Council, and the importance of the European Parliament make it difficult to count on unequivocal support for U.S. demands towards China in EU policy. Both European institutions (and especially the EP) are not interested in a conciliatory approach to the U.S., and, as indicated by the EEAS officials among others, are not convinced about the direction of American policy.²⁰ Communication is also hampered by the lack of interlocutors on the U.S. side. Indeed, to date, there has been a lack of nominations for officials responsible for Chinese policy within the State Department, as well as a significant downsizing of the National Security Council in the White House, particularly within the China division. This also calls into question the clarification of the main elements of China's policies under the current administration.

It is much harder for the EU to be constructive with China in the security sector. Chinese entities will remain subject to further sanctions packages imposed by the EU on Russia. Leaving aside the symbolic nature of these restrictions, there is still no consensus among member states on the direction of these sanctions or their effectiveness. The Union, due to its limitations (including competence), is unable (apart from the issues of FIMI and disinformation) to take into account China's activities in support of Russia, including in the context of, for example, hybrid operations, such as in the Baltic Sea, or cyber security. A unitary approach based on the competence of member states limits their effectiveness and increases vulnerability, because of the different perspectives, and interests of European member states and the Chinese ability to exploit these differences. The common approach remains hampered, and often impossible, due to differing positions and problems with a comprehensive perception of the Chinese threat.

Recommendations

In the medium term, the following actions are important from the perspective of EU security interests:

- Any cooperation with China (at the level of the EU institutions) should be conditional, dependent on China's fulfilment of certain economic and political conditions, relating both to issues of competitiveness and support for the Russian economy and war effort. The policy of "conditional engagement" will not only send a strong political signal to China, but also possible cooperation towards the United States.
- The European Union should refrain from supporting or endorsing China's involvement in the Ukraine peace process, including any role as peacekeepers, due to China's strategic alignment with Russia. Given the PRC's lack of neutrality and questionable credibility, its participation would risk undermining EU interests and could be perceived as de facto support for Russia.
- The European Union should expand the scope of sanctions to include additional Chinese entities and individuals involved in cooperation with Russia and implicated in human rights violations. Furthermore, the EU should initiate a structured debate on establishing a secondary sanctions regime, modelled after existing U.S. mechanisms, to enhance the effectiveness and reach of its restrictive measures.
- The European Commission should enhance the effectiveness of the common market by intensifying the use of existing tools, such as the FSR, and developing new ones, like monitoring inward and outward investments, with either zero or majority acceptance mechanisms by the member states.

²⁰ Based on authors interviews among EEAS employees.

- The European Commission shall develop guidance on surveillance tools and restrictions in member states against Chinese digital platforms collecting data on European users (Tik Tok, SHEIN, Temu), electric vehicle software systems for violations of data protection regulations, user interests, content manipulation, and critical infrastructure protection
- The European Commission shall develop public awareness about Chinese threats to European security arising from cooperation with Russia in the Baltic, disinformation practices, data collection, and research and development with Chinese entities.

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