

The European Union's Strategy towards China: Balancing Economic Engagement and Geopolitical Rivalry

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Abstract

The relationship between the European Union and China stands as one of the most intricate international interactions, situated at the intersection of economic cooperation and geopolitical competition. This study aims to analyze the European Union's strategies towards China, examining how it navigates the balance between economic interdependence and the imperative of achieving strategic autonomy. Employing a qualitative approach and content analysis of official EU documents, international reports, and academic studies, this research delves into the dynamics of bilateral relations from historical, economic, and geopolitical perspectives. The findings indicate that the European Union simultaneously perceives China as a key partner in trade, a competitor in technological domains and global influence, and a systemic rival in values and norms. Tensions such as asymmetry in market access, human rights concerns, and competition in strategic technologies have created obstacles to cooperation, while opportunities such as extensive trade and collaboration on climate change persist. This study argues that the European Union's strategy, influenced by internal factors, such as the divergence of member states' perspectives, and external factors, such as China-United States relations, necessitates greater coordination and the strengthening of strategic autonomy. The results of this research underscore the pivotal role of the European Union in shaping the global order.

Keywords:

European Union, China, Strategic Cooperation, Economic Diplomacy, Geopolitical Competition.

1. Introduction

The relationship between the European Union and China represents one of the most complex and multifaceted interactions in the contemporary international arena. Initiated in the 1970s with the establishment of formal diplomatic ties, this relationship has evolved over time from rudimentary economic cooperation to a multilayered one encompassing extensive trade collaborations, competition in technological and geopolitical domains, and tensions arising from systemic differences in values and norms. In a world where the post-World War II liberal order faces increasing challenges, the European Union's position as a global actor and its capacity to strike a balance between economic engagement with China and the preservation of strategic autonomy hold particular significance. This paper examines the European Union's strategies towards China, seeking to address the question of how the Union navigates the equilibrium between the necessity of economic cooperation with China and the management of geopolitical competition.

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China, as the world's second-largest economy and a key trading partner of the European Union, plays an indispensable role in global supply chains, advanced technologies, and international trade. According to Eurostat data from 2023, China is the European Union's second-largest trading partner after the United States, with bilateral trade volume exceeding €850 billion in 2022.² However, this economic interdependence is accompanied by growing concerns. Issues such as asymmetry in market access, China's industrial policies favoring domestic companies, and human rights concerns in regions like Xinjiang have complicated bilateral relations. Furthermore, China's emergence as a geopolitical power, with initiatives such as the Belt and Road Initiative and increasing influence in Africa, the Western Balkans, and the Indo-Pacific region, has compelled the European Union to reassess its strategies.

In 2019, the European Union, in a strategic document, simultaneously described China as a "cooperation partner," an "economic competitor," and a "systemic rival."³ This tripartite definition encapsulates the core challenge facing the European Union: how to engage with a country that simultaneously presents immense economic opportunities and poses threats to the Union's values and strategic interests. This question has gained even greater significance in the context of recent global developments, including the war in Ukraine, supply chain disruptions stemming from the COVID-19 pandemic, and escalating technological competition in areas such as artificial intelligence and 5G networks.

This paper pursues two main research questions:

1. How does the European Union balance economic cooperation and geopolitical competition with China?
2. What internal and external factors influence the formulation and implementation of the European Union's strategies towards China?

To address these questions, the paper employs a qualitative approach that includes content analysis of official European Union documents, reports from reputable institutions such as the European Council on Foreign Relations and Bruegel, and scholarly articles published in peer-reviewed journals.

The significance of this issue extends beyond the bilateral relations between the European Union and China to encompass the European Union's role in the global order. While the United States has adopted a more confrontational approach towards China, the European Union seeks to play a balancing role that both safeguards its economic interests and promotes its democratic values and liberal norms. However, divergent perspectives among EU member states, such as Germany's pragmatic approach to trade with China in contrast to the more cautious stances of Eastern European countries, have posed challenges to this strategy. Furthermore, external factors such as China-United States relations, the role of international organizations like the World Trade Organization, and global crises such as climate change influence the European Union's policymaking.

The structure of the paper is designed to systematically examine these complexities. The second section, focusing on the theories of Realism, Liberalism, and Constructivism, outlines the theoretical framework and methodology of the research. The third section reviews the historical context of EU-China relations from the 1970s to the present. The fourth section is dedicated to economic cooperation, its opportunities, and challenges. The fifth section analyzes geopolitical competitions and the European Union's instruments for managing them. The sixth section examines the internal and external factors influencing the European Union's strategy, and the seventh section provides a

² Eurostat, "EU Trade with China", 2023, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=China-EU_-_international_trade_in_goods_statistics.

³ European Commission, "EU-China – A Strategic Outlook", Brussels, 12 march, 2019, <https://commission.europa.eu/system/files/2019-03/communication-eu-china-a-strategic-outlook.pdf>.



comprehensive analysis and discussion on the balance between cooperation and competition. Finally, the conclusion section presents the key findings.

This paper aims to provide an in-depth and evidence-based analysis that not only contributes to a better understanding of EU-China relations but also offers insights for policymakers, researchers, and those interested in international relations. In a world where geopolitical competitions and economic collaborations are increasingly intertwined, comprehending the European Union's strategy towards China is essential for anticipating the future of the global order.

2. Theoretical Framework

To analyze the European Union's strategy toward China, this study employs a combination of three main theories of international relations: realism, liberalism, and constructivism. Together, these theories provide a comprehensive framework for understanding the balance between economic cooperation and geopolitical competition.

Realism in international relations analyzes global interactions as a competition for power and national interests. Within this framework, China, as an emerging power, and the European Union, as a unified economic and political actor, are engaged in a geopolitical contest for influence. China's Belt and Road Initiative is perceived as an effort to expand its global influence.⁴ In response, the European Union employs tools such as foreign investment screening policies and the "Global Gateway" initiative to reduce dependency on China. Realism effectively explains technological tensions, such as competition over 5G networks. However, this theory has limitations in analyzing extensive economic cooperation, such as bilateral trade.

Liberalism emphasizes economic interdependence and institutional cooperation. The relationship between the European Union and China is heavily grounded in this principle due to the substantial volume of bilateral trade (850 billion EUR in 2022). Negotiations for the Comprehensive Agreement on Investment exemplified efforts to strengthen economic cooperation, though they were halted due to human rights concerns.⁵ Liberalism highlights the role of the World Trade Organization in regulating trade relations. However, systemic differences between the EU's democratic system and China's authoritarian regime reveal the limitations of this theory.

Constructivism focuses on the role of identity and norms in shaping foreign policy. The European Union perceives itself as a defender of democracy and human rights, while China promotes an authoritarian system. These differences were described as "systemic rivalry" in the EU's 2019 strategic document.⁶ The EU's sanctions against Chinese officials over human rights violations in Xinjiang exemplify this normative competition. Constructivism effectively explains the EU's stance on human rights issues but is less effective in analyzing material interests.

The integration of these three theories enables a multifaceted analysis of EU-China relations. Realism elucidates geopolitical rivalries, liberalism explains economic cooperation, and constructivism accounts for normative differences. Together, they provide a comprehensive understanding of the complex dynamics of this relationship.

⁴ Jinghan Zeng, "China's Belt and Road Initiative: Implications for Europe", Journal of Contemporary Politics, Vol. 26 (2020), pp. 467–485.

⁵ Gisela Grieger, "EU-China Comprehensive Agreement on Investment: State of Play", Brussels, (2022), European Parliamentary Research Service.

⁶ European Commission, "EU-China – A Strategic Outlook", Brussels, 12 march, 2019, <https://commission.europa.eu/system/files/2019-03/communication-eu-china-a-strategic-outlook.pdf>.



3. Historical Context of EU-China Relations

EU-China relations, which began in the 1970s, have undergone a long and transformative journey. These relations have evolved from initial diplomatic and economic cooperation into a complex interaction where deep commercial ties intertwine with geopolitical rivalries and normative tensions. This section examines the historical trajectory of these relations from the 1970s to 2025, analyzing the impact of key events and global developments on their dynamics. To this end, three main periods are explored: the 1970s to 2000 (the inception of relations and focus on economic cooperation), the 2000s (expansion of trade and investment), and post-2010 (the emergence of tensions and geopolitical competition).

1-3. 1970s to 2000: Inception of Relations and Economic Cooperation

Formal diplomatic relations between the European Economic Community and the People's Republic of China began in 1975 with the exchange of diplomatic envoys. This period coincided with China's economic reforms under Deng Xiaoping (from the late 1970s), which opened China to global markets. Europe, seeking new markets and investment opportunities, viewed China as a potential partner. During this time, relations were primarily focused on economic cooperation, with geopolitical or normative issues being less prominent.

The first trade agreement between the European Economic Community and China was signed in 1985, laying the foundation for increased bilateral trade. In the 1990s, as China integrated further into the global economy and negotiated its accession to the World Trade Organization, trade relations deepened. By 2000, the volume of bilateral trade reached approximately 100 billion EUR.⁷ During this period, China emerged as a low-cost source of consumer goods and labor for European companies. Conversely, the European Union served as a gateway for China to access advanced technologies and consumer markets.

Nevertheless, this period was not without challenges. Human rights issues, particularly following the suppression of the Tiananmen Square protests in 1989, generated tensions. The European Union imposed sanctions on China, but these were quickly scaled back due to economic interests. This reflects the prioritization of economic cooperation over normative concerns in the early stages of the relationship.

2-3. 2000s: Expansion of Trade and Investment

The 2000s witnessed significant growth in economic relations between the European Union and China. Following China's accession to the World Trade Organization in 2001, bilateral trade surged, reaching over 400 billion EUR by 2010.⁸ China became one of the EU's largest trading partners, while the EU emerged as the second-largest destination for Chinese exports after the United States. This period was marked by increased mutual investments; European companies such as Volkswagen and Siemens made substantial investments in China, while Chinese firms like Huawei began penetrating European markets.

⁷ Eurostat, "EU Trade with China", 2023, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=China-EU_-_international_trade_in_goods_statistics.

⁸ Ibid.



During this decade, relations expanded beyond trade, with regular strategic dialogues between the EU and China commencing in 2003, covering areas such as climate change, energy security, and scientific cooperation. The signing of the Partnership and Cooperation Agreement in 2007 marked a milestone, aiming to strengthen institutional cooperation and reduce trade barriers.⁹

Nevertheless, signs of tension emerged during this period. The 2008 global financial crisis had divergent impacts: the European Union faced economic recession, while China sustained growth through economic stimulus programs. This enabled China to expand its global influence, notably through investments in crisis-hit European countries such as Greece.¹⁰ Additionally, concerns arose among EU member states regarding asymmetrical market access and China's industrial policies, which favored domestic companies.

3-3. Post-2010: The Emergence of Tensions and Geopolitical Competition

From 2010 onwards, the relationship between the European Union and China entered a more intricate phase, characterized by the emergence of geopolitical competition and systemic tensions. China's economic and political ascendance, particularly under the leadership of Xi Jinping, coupled with the Belt and Road Initiative (BRI) introduced in 2013, generated concerns within Europe. This initiative, aimed at establishing a network of infrastructure across Asia, Africa, and Europe, was perceived as an endeavor to expand China's geopolitical influence. While some European nations, such as Italy, joined the BRI, this move fueled disagreements within the European Union, as other member states viewed it as a threat to the Union's cohesion.¹¹

Furthermore, competition intensified in the technological sphere. The growing influence of Chinese companies, such as Huawei, in the development of 5G networks in Europe raised security concerns, particularly due to these companies' close ties with the Chinese government. In response, the European Union introduced foreign direct investment screening policies in 2019 to prevent Chinese influence in strategic sectors.

The COVID-19 pandemic in 2020 marked another turning point. Europe's reliance on Chinese supply chains, particularly in medical equipment, exposed the European Union's strategic vulnerabilities. This crisis fueled discussions about "strategic autonomy," a concept also highlighted in the EU's Strategic Outlook towards China in 2019. Concurrently, cooperation in areas such as climate change continued, underpinned by shared commitments in the Paris Agreement and bilateral dialogues.¹²

Human rights issues also increasingly impacted the relationship. The European Union's sanctions against Chinese officials in 2021 due to human rights violations in Xinjiang, and China's reciprocal countermeasures, stalled negotiations on the Comprehensive Agreement on Investment (CAI). These tensions underscored the "systemic rivalry" between the European Union's democratic values and China's authoritarian system.

⁹ Gisela Grieger, "EU-China Comprehensive Agreement on Investment: State of Play", Brussels, (2022), European Parliamentary Research Service.

¹⁰ Jinghan Zeng, "China's Belt and Road Initiative: Implications for Europe", Journal of Contemporary Politics, Vol. 26, (2020), pp. 467–485.

¹¹ Jing Huang, "China's role in the EU's search for strategic autonomy: nonhegemonic power relations during world order transition", China International Strategy Review, Vol. 6, (2024), pp. 254–284.

¹² Jin Ling, "The EU's Multipolar Perception and China-EU Multilateral Cooperation", WORKING PAPER, No. 3, (2024), https://china-cee.eu/wp-content/uploads/2024/12/Working_paper-202403-Jin-Ling.pdf.



The war in Ukraine in 2022 and China's ambiguous stance on the crisis further complicated relations. While the European Union imposed extensive sanctions against Russia, China's close ties with Russia generated concerns in Europe. This issue led to the strengthening of initiatives such as the "Global Gateway," which aims to rival China's global influence.¹³

4. Economic Cooperation: Opportunities and Challenges

Economic cooperation between the European Union and China constitutes one of the most significant facets of their bilateral relationship, having steadily expanded since the 1970s. As China is the EU's second-largest trading partner, and the EU one of China's largest export markets, both entities are embedded in a deep network of economic interdependence. However, this cooperation faces challenges such as asymmetries in market access, human rights concerns, and competition in strategic sectors. This section examines the opportunities and challenges of economic cooperation between the EU and China, focusing on trade volumes, investment agreements, supply chain dependencies, and tensions related to technology and values.

1-4. Trade Volume and Economic Significance

The bilateral trade volume between the European Union and China has increased remarkably in recent decades. According to Eurostat data, the trade in goods between the two parties exceeded €850 billion in 2022, positioning China as the European Union's second-largest trading partner after the United States.¹⁴ European Union exports to China include machinery, vehicles, and chemical products, while imports from China primarily consist of consumer goods, electronics, and technological equipment. This extensive trade has provided significant opportunities for economic growth, job creation, and access to new markets.

For the European Union, China represents a pivotal market for multinational corporations such as Volkswagen, which has benefited from China's burgeoning consumer market. For instance, in 2023, over 30 percent of Volkswagen's global sales were generated in China. Conversely, for China, the European Union serves as a **gateway** to advanced technologies and foreign investment. Chinese companies like Huawei and BYD have utilized European markets to expand their global presence.¹⁵

In addition to trade in goods, trade in services is also experiencing growth. In 2022, the trade in services between the European Union and China reached approximately €100 billion, with a focus on sectors such as finance, transportation, and information technology.¹⁶ This trend indicates the significant potential for economic cooperation, while also presenting challenges that will be examined further.

2-4. Comprehensive Agreement on Investment: Opportunities and Obstacles

¹³ John SEAMAN, Andreea BRINZA, Una Alexandra BERZINA-CERENKOVA, Philippe LE CORRE, Richard Q. TURCSANYI and Stefan VLADISAVLJEV, "EU-China relations: De-risking or de-coupling – the future of the EU strategy towards China", European Parliament, March 2024, [https://www.europarl.europa.eu/RegData/etudes/STUD/2024/754446/EXPO_STU\(2024\)754446_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2024/754446/EXPO_STU(2024)754446_EN.pdf).

¹⁴ Eurostat, "EU Trade with China", 2023, https://ec.europa.eu/eurostat/statisticsexplained/index.php?title=China-EU_-_international_trade_in_goods_statistics.

¹⁵ Chien-Kai Chen, "The Rise of China in Europe: A Challenge to Integration?", International Journal of China Studies, Vol. 12, No. 2, December 2021, pp. 245–270.

¹⁶ Eurostat, "EU Trade with China", 2023, https://ec.europa.eu/eurostat/statisticsexplained/index.php?title=China-EU_-_international_trade_in_goods_statistics.



One of the most significant endeavors to bolster economic cooperation was the negotiation of the EU-China Comprehensive Agreement on Investment (CAI), which commenced in 2013 and reached an agreement in principle in December 2020. The aim of this agreement was to improve market access, reduce investment barriers, and establish a level playing field for European companies in China and Chinese companies in Europe. It held the potential to create considerable opportunities for European firms in sectors such as electric vehicles, healthcare, and renewable energies.¹⁷

However, this agreement encountered significant obstacles. In 2021, following the European Union's imposition of sanctions on Chinese officials due to human rights violations in Xinjiang, and China's retaliatory sanctions against Members of the European Parliament, the Parliament suspended the ratification of the Comprehensive Agreement on Investment. This suspension underscored the impact of normative issues on economic cooperation. These tensions highlighted the "systemic rivalry" between the European Union's democratic values and China's authoritarian system.¹⁸ As of 2025, negotiations on the Comprehensive Agreement on Investment remain suspended, thereby limiting potential opportunities for reciprocal investment.

3-4. Supply Chain Dependencies: Opportunities and Risks

China plays a pivotal role in global supply chains, and the European Union is heavily reliant on the country for critical raw materials, electronic components, and technological equipment. For example, China controls over 80 percent of the global supply of rare earth elements, which are essential for the production of electric vehicle batteries and wind turbines. This dependency has created opportunities for cooperation in areas such as green **energy and** clean technologies. For instance, collaboration in the production of solar panels and technologies related to the Paris Agreement has contributed to reducing carbon emissions.¹⁹

However, this dependency also entails significant strategic risks. The COVID-19 pandemic in 2020 exposed the European Union's vulnerabilities stemming from its reliance on Chinese supply chains, particularly for medical and pharmaceutical equipment. This crisis intensified discussions within the EU regarding "strategic autonomy," which was also emphasized in the 2019 Strategic Outlook. Consequently, the European Union has initiated measures such as diversifying supply chains and increasing domestic production in critical sectors. Nevertheless, reducing dependence on China without hindering economic growth is challenging, as alternative sources like India or Vietnam do not yet possess sufficient capacity to fully replace China.²⁰

4-4. Challenges in Economic Cooperation

¹⁷ Gisela Grieger, "EU-China Comprehensive Agreement on Investment: State of Play", Brussels, (2022), European Parliamentary Research Service.

¹⁸ Ding Chun and Zhang Yani, "China-EU Economic and Trade Relations: Between Cooperation and Competition", WORKING PAPER, No. 5, December 2024, https://china-cee.eu/wp-content/uploads/2024/12/Working_paper-202405-Ding-Chun-Zhang-Yani.pdf

¹⁹ Jin Ling, "The EU's Multipolar Perception and China-EU Multilateral Cooperation", WORKING PAPER, No. 3, (2024), https://china-cee.eu/wp-content/uploads/2024/12/Working_paper-202403-Jin-Ling.pdf.

²⁰ Chien-Kai Chen, "The Rise of China in Europe: A Challenge to Integration?", International Journal of China Studies, Vol. 12, No. 2, December 2021, pp. 245–270.



1. *Asymmetry in Market Access:* One of the most significant challenges in economic cooperation is the asymmetry in market access. European companies in China face obstacles such as investment restrictions, technology transfer requirements, and the Chinese government's support for domestic firms. Conversely, Chinese companies in Europe, particularly in sectors like technology and infrastructure, enjoy relatively free market access.²¹ This asymmetry has provoked widespread criticism among EU member states, especially Germany and France, which are calling for a level playing field.

2. *Human Rights Concerns:* Human rights issues have increasingly impacted economic cooperation. China's actions in Xinjiang, Hong Kong, and Tibet, along with the suppression of human rights activists, have generated strong reactions within the European Union. The EU's sanctions in 2021 and the suspension of the Comprehensive Agreement on Investment serve as examples of this impact.²²

3. *Competition in Strategic Sectors:* Competition in strategic sectors such as 5G technology, artificial intelligence, and electric vehicles is another key challenge. The growing influence of companies like Huawei in Europe's telecommunications infrastructure has raised security concerns, leading to restrictions in some member states. In the field of artificial intelligence, China's significant investments are positioning it to compete with Europe in setting global standards.²³ These competitive dynamics have complicated economic cooperation and compelled the European Union to strengthen its industrial policies.

4. *Tensions in the Technological Sphere:* Conversely, the technological sphere has witnessed significant tensions. The ban on Huawei in certain European countries, such as Sweden and the United Kingdom (prior to its departure from the European Union), due to security concerns, exemplifies these tensions. These restrictions have impacted trade relations and contributed to a decline in mutual trust.

5. Geopolitical Competition: Tensions and Strategies

Geopolitical competition between the European Union and China represents one of the most intricate dimensions of their bilateral relationship, having intensified over the past decade. This competition stems from China's emergence as a global power, its expanding influence in strategic regions, and systemic differences in values and norms. In its 2019 Strategic Outlook on China, the European Union simultaneously described China as a "cooperation partner," an "economic competitor," and a "systemic rival," highlighting the multifaceted challenges in engaging with the country.²⁴

1-5. The EU Strategy: China as a Partner and Systemic Rival

The European Union's 2019 Strategic Outlook marked a turning point in defining the EU's relationship with China. This document presented China as a multifaceted actor, offering both opportunities for cooperation, such as trade

²¹ Jonathan Holslag, "The Silk Road Trap: How China's Trade Ambitions Challenge Europe", (2019), Cambridge: Polity Press.

²² Rahman Nurdun, "Navigating the Geopolitical Tightrope: The Complex Dynamics of Sino-EU Relations in a Shifting World Order", Ankara Journal of European Studies, Vol. 23, No.2, July 2024, pp. 293-328.

²³ Jing Men, "The EU and China: Partners or Rivals in Global Governance?", Journal of Common Market Studies, Vol. 59, (2021), pp. 645-660.

²⁴ European Commission, "EU-China – A Strategic Outlook", Brussels, 12 march, 2019, <https://commission.europa.eu/system/files/2019-03/communication-eu-china-a-strategic-outlook.pdf>.



and climate change, and competitive challenges in technology and global influence. The label "systemic rival" refers to the fundamental differences in political systems and values: the European Union champions democracy, human rights, and the rule of law, while China promotes an authoritarian system with an emphasis on state control and social stability.²⁵ This strategic definition provided a framework for EU policymaking in which cooperation and competition are managed simultaneously. Geopolitical competition manifests itself in three main areas: technology, influence in strategic regions, and norms and values. Each of these areas has generated specific tensions and compelled the European Union to develop tools and strategies to safeguard its interests.

2-5. Areas of Geopolitical Competition

1-2-5. Technology: Competition in Artificial Intelligence, 5G and Global Standards

Technology stands as one of the most critical arenas of geopolitical competition between the European Union and China. Through substantial investments in artificial intelligence, 5G networks, and other advanced technologies, China aims to establish global standards and reduce its reliance on Western technologies. Companies such as Huawei and ZTE have been at the forefront of developing 5G infrastructure, but their influence in Europe has raised security concerns. For instance, in 2020, several European countries, including Sweden and Denmark, imposed restrictions on Huawei due to concerns about potential espionage and dependence on the Chinese government.²⁶

Artificial intelligence is also a key competitive domain. China, through initiatives such as "Made in China 2025," seeks global leadership in this field, while the European Union, with initiatives like the "European AI Strategy," strives to promote its ethical and competitive standards. This competition is not merely economic but also geopolitical, as technological standards will be decisive in shaping power in the future global order.²⁷

To manage this competition, the European Union introduced foreign direct investment screening policies in 2019 to prevent the acquisition of European technology companies by Chinese entities. Furthermore, investments in domestic innovation and cooperation with international partners such as the United States and Japan have been strengthened.

2-2-5. Influence in Strategic Regions: Africa, the Western Balkans and the Indo-Pacific

China has been expanding its influence in strategic regions through the Belt and Road Initiative, which is perceived as a geopolitical challenge for the European Union. In Africa, China has become a key player through substantial investments in infrastructure, such as ports and railways. These investments are often accompanied by loans that make African countries dependent on China, a phenomenon known as a "debt trap." The European Union, which views Africa as a strategic partner for trade and security, has responded to the Belt and Road Initiative with its own "Global Gateway" initiative in 2021. This initiative aims to invest €300 billion in sustainable infrastructure by 2027.²⁸

²⁵ Gisela Grieger, "EU-China Comprehensive Agreement on Investment: State of Play", Brussels, (2022), European Parliamentary Research Service.

²⁶ Chien-Kai Chen, "The Rise of China in Europe: A Challenge to Integration?", International Journal of China Studies, Vol. 12, No. 2, December 2021, pp. 245–270.

²⁷ Jonathan Holslag, "The Silk Road Trap: How China's Trade Ambitions Challenge Europe", (2019), Cambridge: Polity Press.

²⁸ John SEAMAN, Andreea BRINZA, Una Alexandra BERZINA-CERENKOVA, Philippe LE CORRE, Richard Q. TURCSANYI and Stefan VLADISAVLJEV, "EU-China relations: De-risking or de-coupling – the future of the EU



In the Western Balkans, China has been increasing its influence by investing in infrastructure projects, such as highways in Serbia and Montenegro. This region, which is important for potential EU membership, has become a field of competition, with the European Union seeking to counter China's influence by increasing financial assistance and accelerating the accession process.²⁹

The Indo-Pacific region has also become a competitive arena due to its geostrategic and commercial significance. China's expanding military and economic presence in this region has generated concerns among EU member states, particularly France and Germany. In response, the European Union released its Indo-Pacific strategy in 2021, which aims to strengthen cooperation with countries such as India, Japan, and Australia to counterbalance China's influence.³⁰

3-2-5. Norms and Values: Democracy versus Authoritarianism

The normative differences between the European Union and China, described as "systemic rivalry" in the 2019 strategic document, constitute one of the most profound geopolitical challenges. The European Union promotes democracy, human rights, and the rule of law as its fundamental principles, whereas China offers an authoritarian model with an emphasis on stability and state control.³¹ These differences have led to diplomatic tensions in human rights issues, such as the suppression in Xinjiang and Hong Kong. In 2021, the European Union imposed sanctions against Chinese officials due to human rights violations in Xinjiang, which were met with reciprocal sanctions from China against Members of the European Parliament. These tensions stalled negotiations on the Comprehensive Agreement on Investment, demonstrating that normative issues can impact economic cooperation.³² Furthermore, China has promoted its narratives in Europe through "wolf warrior diplomacy" and state-controlled media, raising concerns about propaganda and disinformation.

4-2-5. European Union Instruments for Managing Competition

To manage geopolitical competition with China, the European Union has adopted a range of instruments and strategies:

1. Foreign Direct Investment Screening: The investment screening regulation, introduced in 2019, allows member states to review Chinese investments in strategic sectors such as technology and infrastructure. This instrument has helped mitigate security risks but has faced criticism from China for alleged "discrimination."³³

strategy towards China", European Parliament, March 2024,
[https://www.europarl.europa.eu/RegData/etudes/STUD/2024/754446/EXPO_STU\(2024\)754446_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2024/754446/EXPO_STU(2024)754446_EN.pdf).

²⁹ Usama Rizvi, "Europe and the Changing Global Order: Challenges and Opportunities", Euronews, January 16, 2024.

³⁰ John SEAMAN, Andreea BRINZA, Una Alexandra BERZINA-CERENKOVA, Philippe LE CORRE, Richard Q. TURCSANYI and Stefan VLADISAVLJEV, "EU-China relations: De-risking or de-coupling – the future of the EU strategy towards China", European Parliament, March 2024,
[https://www.europarl.europa.eu/RegData/etudes/STUD/2024/754446/EXPO_STU\(2024\)754446_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2024/754446/EXPO_STU(2024)754446_EN.pdf).

³¹ Gisela Grieger, "EU-China Comprehensive Agreement on Investment: State of Play", Brussels, (2022), European Parliamentary Research Service.

³² Rahman Nurdun, "Navigating the Geopolitical Tightrope: The Complex Dynamics of Sino-EU Relations in a Shifting World Order", Ankara Journal of European Studies, Vol. 23, No.2, July 2024, pp. 293-328.

³³ Jing Men, "The EU and China: Partners or Rivals in Global Governance?", Journal of Common Market Studies, Vol. 59, (2021), pp. 645-660.



2. *Global Gateway Initiative: Launched in 2021, this initiative is designed as a response to the Belt and Road Initiative and focuses on sustainable investment in global infrastructure. By 2025, the program had initiated projects in Africa and Southeast Asia.*³⁴

3. *Cooperation with International Partners: The European Union has strengthened its cooperation with the United States, Japan, and India to counterbalance China's influence. For example, participation in frameworks such as the Quad (United States, Japan, India, and Australia) and the G7 has facilitated policy coordination.*³⁵

4. *Strengthening Strategic Autonomy: The European Union seeks to reduce its dependence on China by investing in domestic technologies such as artificial intelligence and semiconductors, and by diversifying supply chains.*³⁶ This strategy has intensified particularly following the COVID-19 pandemic and the war in Ukraine.

6. Internal and External Factors Influencing the EU Strategy

The European Union's strategy towards China is shaped by a confluence of internal and external factors. These factors include diverging perspectives among member states, the role of EU institutions, the Sino-American relationship, and the impact of global crises such as the war in Ukraine and climate change. This section analyzes these factors and demonstrates how they guide EU policymaking in balancing economic cooperation and geopolitical competition with China.

1-6. Internal Factors

1-1-6. Diverging Views of Member States

One of the most significant internal factors is the divergence in the views of European Union member states towards China. These differences stem from varying economic, historical, and geopolitical priorities, making the coordination of EU policies challenging. Generally, member states can be categorized into three groups:

1. *Pragmatic Countries (e.g., Germany and France): Germany, as Europe's largest economy, adopts a pragmatic approach due to its deep reliance on the Chinese market, particularly in the automotive and machinery industries. In 2023, China absorbed 12 percent of Germany's exports. France, while more stringent on human rights issues, also seeks to maintain trade relations with China, especially in the aerospace and energy sectors.*³⁷ These countries often emphasize economic cooperation while simultaneously supporting the strengthening of strategic autonomy.

2. *Cautious Countries (e.g., Eastern European Countries): Countries such as Lithuania and the Czech Republic have adopted more stringent stances towards China due to their historical experiences with authoritarian regimes and security concerns. For instance, Lithuania faced economic sanctions from China in 2021 for its support of*

³⁴ John SEAMAN, Andreea BRINZA, Una Alexandra BERZINA-CERENKOVA, Philippe LE CORRE, Richard Q. TURCSANYI and Stefan VLADISAVLJEV, "EU-China relations: De-risking or de-coupling – the future of the EU strategy towards China", European Parliament, March 2024, [https://www.europarl.europa.eu/RegData/etudes/STUD/2024/754446/EXPO_STU\(2024\)754446_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2024/754446/EXPO_STU(2024)754446_EN.pdf).

³⁵ Usama Rizvi, "Europe and the Changing Global Order: Challenges and Opportunities", Euronews, January 16, 2024.

³⁶ Bruno Maçães, "Europe's Dependence on China for Critical Raw Materials", Bloomberg, May 15, 2024.

³⁷ Ding Chun and Zhang Yani, "China-EU Economic and Trade Relations: Between Cooperation and Competition", WORKING PAPER, No. 5, December 2024, https://china-cee.eu/wp-content/uploads/2024/12/Working_paper-202405-Ding-Chun-Zhang-Yani.pdf



Taiwan, leading to a reduction in bilateral trade relations.³⁸ These countries often call for stronger EU policies to counter China's influence.

3. *Moderate Countries (e.g., Italy and Spain):* Some countries adopt a moderate approach, balancing economic cooperation with geopolitical concerns. Italy, which joined the Belt and Road Initiative in 2019, exemplifies this group, but it adopted a more cautious stance following pressure from the European Union.³⁹

These differences have complicated the coordination of the European Union's foreign policy. For example, during the negotiations of the Comprehensive Agreement on Investment, pragmatic countries supported the agreement, while cautious countries opposed it due to human rights concerns. These disagreements necessitate mediation by EU institutions.

2-1-6. The Role of EU Institutions

The institutions of the European Union, including the European Commission, the European Parliament, and the European Council, play a crucial role in shaping the strategy towards China. The European Commission, as the executive arm, has formulated strategic documents such as the 2019 EU-China Strategic Outlook, which defines China as both a partner and a systemic rival. This document has provided a framework for policymaking and introduced instruments such as foreign direct investment screening.⁴⁰

The European Parliament, which represents democratic values, often adopts more stringent stances towards China, particularly on human rights issues. In 2021, the European Parliament suspended the ratification of the Comprehensive Agreement on Investment due to China's reciprocal sanctions against its members. This action demonstrates the impact of normative values on policymaking.⁴¹

The European Council, where representatives of the member states convene, serves as a forum for negotiating and coordinating positions. However, internal differences often lead to slow decision-making processes. For example, in response to China's growing influence in the Western Balkans, the European Council accelerated financial initiatives, but achieving full coordination among members remains challenging.

2-6. External Factors

1-2-6. Sino-American Relations

The competition between China and the United States has a profound impact on the European Union's strategy. By adopting a more confrontational approach, including technological sanctions against companies like Huawei and trade tariffs, the United States has exerted pressure on the European Union to align with its policies. For example,

³⁸ Usama Rizvi, "Europe and the Changing Global Order: Challenges and Opportunities", Euronews, January 16, 2024.

³⁹ Jinghan Zeng, "China's Belt and Road Initiative: Implications for Europe", Journal of Contemporary Politics, Vol. 26, (2020), pp. 467–485.

⁴⁰ European Commission, "EU-China – A Strategic Outlook", Brussels, 12 march, 2019, <https://commission.europa.eu/system/files/2019-03/communication-eu-china-a-strategic-outlook.pdf>.

⁴¹ Rahman Nurdun, "Navigating the Geopolitical Tightrope: The Complex Dynamics of Sino-EU Relations in a Shifting World Order", Ankara Journal of European Studies, Vol. 23, No.2, July 2024, pp. 293-328.



in 2020, the United States encouraged European countries to exclude Huawei from their 5G networks, leading to restrictions in some nations.⁴²

However, the European Union seeks to maintain its strategic autonomy and avoids direct confrontation with China. This balanced approach is reflected in the EU's Indo-Pacific strategy of 2021, which strengthens cooperation with the United States and Asian partners while emphasizing European values. The close ties between China and Russia, particularly following the war in Ukraine, have further complicated this equation. China's ambiguous stance on the war has compelled the European Union to reconsider its economic dependencies on China.⁴³

2-2-6. The Role of International Organizations

International organizations such as the World Trade Organization (WTO), the Group of Seven (G7), and NATO influence the European Union's policies towards China. The World Trade Organization has provided a framework for regulating trade relations, but its inability to address China's industrial policies, such as government subsidies, has drawn criticism.⁴⁴ Within the G7, the European Union collaborates with partners like the United States and Japan to coordinate on technology and supply chain issues. NATO, while primarily focused on security, increasingly views China as a systemic challenge, particularly in the cyber and technological domains. This perspective aligns with the European Union's strategy to reduce its dependence on Chinese technologies.

3-2-6. The Impact of Global Crises

Global crises have played a significant role in shaping the European Union's strategy:

1. *The War in Ukraine (2022):* This war highlighted Europe's dependence on external resources, including raw materials and technology from China. China's close ties with Russia raised concerns about European security and prompted the European Union to strengthen initiatives such as the "Global Gateway" and diversify its supply chains.⁴⁵

2. *The COVID-19 Pandemic (2020):* This crisis exposed the European Union's vulnerabilities in its reliance on Chinese supply chains, particularly in medical equipment. This intensified discussions about strategic autonomy and led to investments in domestic production.⁴⁶

⁴² Jing Men, "The EU and China: Partners or Rivals in Global Governance?", *Journal of Common Market Studies*, Vol. 59, (2021), pp. 645–660.

⁴³ Usama Rizvi, "Europe and the Changing Global Order: Challenges and Opportunities", *Euronews*, January 16, 2024.

⁴⁴ Jing Men, "The EU and China: Partners or Rivals in Global Governance?", *Journal of Common Market Studies*, Vol. 59, (2021), pp. 645–660.

⁴⁵ John SEAMAN, Andreea BRINZA, Una Alexandra BERZINA-CERENKOVA, Philippe LE CORRE, Richard Q. TURCSANYI and Stefan VLADISAVLJEV, "EU-China relations: De-risking or de-coupling – the future of the EU strategy towards China", *European Parliament*, March 2024, [https://www.europarl.europa.eu/RegData/etudes/STUD/2024/754446/EXPO_STU\(2024\)754446_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2024/754446/EXPO_STU(2024)754446_EN.pdf).

⁴⁶ Bruno Mações, "Europe's Dependence on China for Critical Raw Materials", *Bloomberg*, May 15, 2024.



3. *Climate Change: While being an area of cooperation with China, climate change is also a competitive factor. As the largest emitter of greenhouse gases and a leading player in green technologies, China is both a partner and a competitor for the European Union.*⁴⁷ This duality has complicated the European Union's policymaking.

4. *Cybersecurity: The increase in cyberattacks, some attributed to groups linked to China, has compelled the European Union to strengthen its cybersecurity regulations. For example, the "EU Cybersecurity Strategy" in 2020 emphasizes the protection of critical infrastructure.*⁴⁸

*Domestic and external factors jointly shape the European Union's strategy towards China. Internally, the divergence of member states' viewpoints and the role of EU institutions present coordination challenges. Externally, the competition between China and the United States, the role of international organizations, and global crises have steered the European Union towards a balance between cooperation and competition.*⁴⁹

By 2025, the European Union must manage these challenges by strengthening internal cohesion and cooperation with international partners. For example, greater coordination among member states on technology and investment issues can enhance the effectiveness of EU policies. Simultaneously, maintaining cooperation with China in areas such as climate change, without compromising strategic autonomy, is essential.

*However, economic dependence on China and pressure from the United States can make this balance fragile. The war in Ukraine and cybersecurity issues have demonstrated that the European Union must be prepared for unforeseen scenarios.*⁵⁰ Ultimately, the success of the EU's strategy hinges on its ability to integrate economic interests, normative values, and geopolitical considerations.

7. Analysis and Discussion: Balancing Cooperation and Competition

The relationship between the European Union and China lies at the complex intersection of deep economic cooperation and geopolitical competition. This duality, highlighted in the EU's strategic outlook of 2019 by describing China as a "partner and systemic rival," constitutes the central challenge of EU policymaking. This section analyzes the strengths and weaknesses of the European Union's current strategy, examines the inherent contradictions in balancing cooperation and competition, and assesses its implications for the global order.

1-7. Strengths of the European Union's Strategy

The European Union's strategy towards China possesses several strengths that demonstrate its capacity to manage this complex relationship:

1. *Multilateral Framework: Defining China as a partner and a systemic rival has allowed for flexibility in policymaking. This framework enables the European Union to cooperate in areas such as climate change, while*

⁴⁷ Jin Ling, "The EU's Multipolar Perception and China-EU Multilateral Cooperation", WORKING PAPER, No. 3, (2024), https://china-cee.eu/wp-content/uploads/2024/12/Working_paper-202403-Jin-Ling.pdf.

⁴⁸ European Commission, Report on the Implementation of the EU Strategy on China, (2023), Brussels: European Commission.

⁴⁹ Ding Chun and Zhang Yani, "China-EU Economic and Trade Relations: Between Cooperation and Competition", WORKING PAPER, No. 5, December 2024, https://china-cee.eu/wp-content/uploads/2024/12/Working_paper-202405-Ding-Chun-Zhang-Yani.pdf

⁵⁰ Usama Rizvi, "Europe and the Changing Global Order: Challenges and Opportunities", Euronews, January 16, 2024.



managing competition in strategic sectors like technology and infrastructure.⁵¹ For example, cooperation on the Paris Agreement and green energy projects has been successful.

2. *Innovative Instruments:* The European Union has developed instruments such as foreign investment screening and the "Global Gateway" initiative, which help mitigate the risks of dependence on China and compete with the Belt and Road Initiative.⁵² These tools represent a move towards strategic autonomy, a concept that has been reinforced following the COVID-19 pandemic and the war in Ukraine.

3. *International Cooperation:* Strengthening relationships with partners such as the United States, Japan, and India, particularly within frameworks like the G7 and the Indo-Pacific strategy, has enabled the European Union to counter China's influence in strategic regions such as Africa and the Indo-Pacific.⁵³ These collaborations have enhanced the European Union's bargaining power.

2-7. Weaknesses of the European Union's Strategy

Despite these strengths, the European Union's strategy faces challenges that limit its effectiveness:

1. *Lack of Internal Cohesion:* Divergent viewpoints among member states constitute one of the biggest obstacles. Pragmatic countries like Germany and France emphasize economic cooperation, while Eastern European countries like Lithuania have adopted more stringent stances. These differences, as seen in the stalling of the Comprehensive Agreement on Investment in 2021, have slowed down decision-making.⁵⁴

2. *Persistent Economic Dependence:* Despite efforts to diversify supply chains, the European Union remains dependent on China for critical raw materials, electronic components, and technology. For example, China controls over 80 percent of the global supply of rare earth elements.⁵⁵ This dependence limits the European Union's ability to adopt more stringent stances towards China.

3. *Normative Challenges:* The European Union's emphasis on human rights and democracy, while ethically justifiable, has sometimes hindered economic cooperation. The 2021 sanctions against Chinese officials due to human rights violations in Xinjiang led to retaliatory sanctions from China and the stalling of the Comprehensive Agreement on Investment.⁵⁶ These tensions illustrate the difficulty of integrating normative values with economic interests.

3-7. Contradictions: Economic Dependence versus Strategic Autonomy

⁵¹ Ding Chun and Zhang Yani, "China-EU Economic and Trade Relations: Between Cooperation and Competition", WORKING PAPER, No. 5, December 2024, https://china-cee.eu/wp-content/uploads/2024/12/Working_paper-202405-Ding-Chun-Zhang-Yani.pdf

⁵² John SEAMAN, Andreea BRINZA, Una Alexandra BERZINA-CERENKOVA, Philippe LE CORRE, Richard Q. TURCSANYI and Stefan VLADISAVLJEV, "EU-China relations: De-risking or de-coupling – the future of the EU strategy towards China", European Parliament, March 2024, [https://www.europarl.europa.eu/RegData/etudes/STUD/2024/754446/EXPO_STU\(2024\)754446_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2024/754446/EXPO_STU(2024)754446_EN.pdf).

⁵³ Usama Rizvi, "Europe and the Changing Global Order: Challenges and Opportunities", Euronews, January 16, 2024.

⁵⁴ Gisela Grieger, "EU-China Comprehensive Agreement on Investment: State of Play", Brussels, (2022), European Parliamentary Research Service.

⁵⁵ Bruno Mações, "Europe's Dependence on China for Critical Raw Materials", Bloomberg, May 15, 2024

⁵⁶ Rahman Nurdun, "Navigating the Geopolitical Tightrope: The Complex Dynamics of Sino-EU Relations in a Shifting World Order", Ankara Journal of European Studies, Vol. 23, No.2, July 2024, pp. 293-328.



The central contradiction in the European Union's strategy lies in balancing the maintenance of economic cooperation with China and the pursuit of strategic autonomy. On the one hand, China is the European Union's second-largest trading partner, with bilateral trade exceeding €850 billion in 2022.⁵⁷ This dependence has provided opportunities for economic growth and innovation, but on the other hand, it has increased geopolitical and security risks. For example, the influence of Chinese companies like Huawei in Europe's 5G infrastructure has raised concerns about espionage and technological dependence.

Efforts towards strategic autonomy, such as diversifying supply chains and investing in domestic technologies, have made progress but are costly and time-consuming. Alternatives like India or Vietnam do not yet have sufficient capacity to fully replace China.⁵⁸ This contradiction became more apparent in the response to the COVID-19 pandemic and the war in Ukraine, which highlighted the vulnerabilities of dependence on China but demonstrated the unfeasibility of severing economic ties. Another contradiction lies in the normative sphere; the European Union's emphasis on human rights and democracy, while China promotes its authoritarian model, has led to "systemic competition." These differences have not only hindered economic negotiations such as the Comprehensive Agreement on Investment but have also fueled diplomatic tensions.⁵⁹ However, abandoning these values is impossible for the European Union, as its identity as a normative power is dependent on these principles.

4-7. Comparison with Other Actors

Comparing the European Union's strategy with that of other actors, such as the United States, India, and Japan, provides further insights. The United States has adopted a more confrontational approach towards China, with extensive sanctions against Chinese companies and trade restrictions. This approach has helped reduce technological dependence but has also harmed the American economy. The European Union, in contrast, has preferred a more balanced approach that preserves economic cooperation, but this has sometimes led to slowness in decision-making.

India and Japan, both of which compete with China in the Indo-Pacific region, have adopted strategies similar to the European Union by emphasizing cooperation with Western partners and diversifying supply chains.⁶⁰ However, these countries face more direct security threats due to their geographical proximity to China, which the European Union experiences to a lesser extent. This difference suggests that the European Union is in a unique position to play the role of a balancing power.

5-7. Implications for the Global Order

The European Union's strategy towards China has profound implications for the global order. If the European Union can strike a successful balance between cooperation and competition, it can act as a balancing power between the United States and China, strengthen a multipolar global order, and promote democratic values.

⁵⁷ Eurostat, "EU Trade with China", 2023, https://ec.europa.eu/eurostat/statisticsexplained/index.php?title=China-EU_-_international_trade_in_goods_statistics.

⁵⁸ Chien-Kai Chen, "The Rise of China in Europe: A Challenge to Integration?", *International Journal of China Studies*, Vol. 12, No. 2, December 2021, pp. 245–270.

⁵⁹ Ding Chun and Zhang Yani, "China-EU Economic and Trade Relations: Between Cooperation and Competition", *WORKING PAPER*, No. 5, December 2024, https://china-cee.eu/wp-content/uploads/2024/12/Working_paper-202405-Ding-Chun-Zhang-Yani.pdf

⁶⁰ Usama Rizvi, "Europe and the Changing Global Order: Challenges and Opportunities", *Euronews*, January 16, 2024.

Initiatives such as the "Global Gateway" and the Indo-Pacific strategy demonstrate the European Union's potential to shape this order.⁶¹

However, a lack of internal cohesion and economic dependence can undermine this role. If the European Union fails to curb China's influence in strategic regions such as Africa and the Western Balkans, it may lose its standing as a global actor. Furthermore, systemic competition with China could lead to greater polarization of the global order, especially if the United States and China continue to confront each other.

8. Conclusion

The European Union's strategy towards China is a combination of strengths (such as flexibility and innovative instruments) and weaknesses (such as a lack of internal cohesion and economic dependence). The contradiction between economic cooperation and strategic autonomy, along with normative challenges, has complicated policymaking. However, the European Union's unique position as a normative and economic power provides the potential to play a balancing role in the global order. For success, the European Union must strengthen internal cohesion, expand cooperation with international partners, and adopt a coherent strategy for managing competition and cooperation with China. In a multipolar global order, the European Union's success in this balancing act is crucial not only for its bilateral relations with China but also for its standing as a global power. The findings of this research indicate that by adopting a multilateral framework that defines China as a partner, competitor, and systemic rival, the European Union has been able to manage this complex relationship to some extent. However, challenges such as a lack of internal cohesion, economic dependence, and normative differences remain significant obstacles.

⁶¹ Rahman Nurdun, "Navigating the Geopolitical Tightrope: The Complex Dynamics of Sino-EU Relations in a Shifting World Order", Ankara Journal of European Studies, Vol. 23, No.2, July 2024, pp. 293-328.