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The European Union and China

Views within the 27-member European Union (EU) regarding the People's Republic of China (PRC, or China) have hardened and now mirror more closely U.S. and congressional concerns about China's global influence. In a 2019 position paper, the European Commission (the EU's executive body) described China as "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." Some observers viewed the description of China as a competitor and rival as indicative of mounting frustration with China's trade and investment practices, aspirations to become a global technology leader and standard setter, and promotion of a governance model at odds with EU values. In May 2023, EU foreign policy chief Josep Borrell stated that "partner, competitor, and systemic rival" remained the EU's general approach to relations with China, while underscoring it would be necessary to recalibrate the three elements' "relative weights" based on China's actions and increasing assertiveness.

EU-China relations have been tested in recent years by China's so-called wolf warrior diplomacy in Europe, use of economic coercion, alleged information manipulation and interference efforts, and continued "no-limits" friendship with Russia (especially since Russia's 2022 full-scale invasion of Ukraine). Some EU officials also express concern about the PRC's human rights practices and intentions toward Taiwan. In March 2023, European Commission President Ursula von der Leyen called for a "sober assessment" of EU-China relations. The EU has adopted or is weighing measures to bolster its economic security and democratic resilience and is advancing partnerships in the Indo-Pacific. At the same time, some European policymakers appear to be wary of U.S.-China tensions and reluctant to antagonize a major economic partner. EU officials also point to a need to cooperate with China on global challenges, such as climate change. EU-China relations are of interest to some Members of Congress given the EU's role as a key U.S. diplomatic and economic partner.

Economic Issues

Although some European policymakers seek to sustain or deepen economic ties with China, they appear to share U.S. concerns over China's industrial policies, which have led to asymmetric trade and investment advantages for China, as well as China's growing control of certain global supply chains. EU officials also have expressed concern regarding China's use of economic coercion for political objectives.

Trade and Investment Asymmetries. The EU has sought to increase market access in China for European firms and

investors amid PRC policies that limit foreign investment and subsidize domestic firms in strategic sectors. The EU has worked with the United States and Japan to develop approaches to counter China's subsidies, but the group has not moved to implement any specific proposals. Although a proposed EU-China Comprehensive Agreement on Investment (CAI) remains on hold (see below) and China's direct investment in Europe hit an estimated decade low of €7.9 billion in 2022, several major investment projects have moved forward, which some experts contend could set the stage for further EU-China economic integration in the medium-to-long term. For example, Airbus (a European company) announced a new investment in April 2023 that would double the production capacity of its China joint venture, and PRC electric vehicle battery manufacturers—including national champion firm Contemporary Amperex Technology Co., Limited (CATL)—have invested in battery plants based in Germany, France, Hungary, and the United Kingdom (which is no longer an EU member state).

Supply Chain Measures. In September 2021, the United States and the EU launched a new Trade and Technology Council (TTC) to address a wide range of trade and technology issues, including enhancing cooperation in sectors where China controls key supply chain inputs, such as critical mineral processing and pharmaceuticals. Additionally, the European Commission in December 2020 published a regulatory "toolbox" for 5G network rollouts that some analysts contend could limit the ability of Chinese firms to meet the standards for participation. Several EU member states have adopted measures that limit and in some cases exclude Huawei's participation in their 5G network buildout. In March 2023, the European Commission proposed a Critical Raw Materials Act to address the EU's reliance on imports from "quasi-monopolistic third country suppliers."

Response to PRC Economic Coercion. Some EU policymakers have expressed concerns about China's use of economic coercion—frequently defined as the threat or imposition of economic costs by a state on a target with the objective of extracting a policy concession—to advance certain geopolitical objectives. In 2021, China imposed a de facto trade embargo on Lithuania and European firms that source from Lithuania after Vilnius announced it would open an office in Taiwan. The EU is finalizing an anti-coercion instrument that could allow the EU to respond as a bloc to economic coercion against a single member state, among other tools.

Human Rights and Other Issues

European criticism of human rights violations in China, and China's reaction to such criticism, is a source of tension in EU-China relations. Some European policymakers have condemned human rights violations of the Uyghur Muslim

and other Muslim populations in China's Xinjiang region. In March 2021, the EU sanctioned four officials and one entity in Xinjiang under its Global Human Rights Sanctions Regime, in tandem with sanctions imposed by the United States and other allies. China countered with sanctions against EU-based entities and individuals. The exchange of sanctions brought bilateral relations to a low point and put ratification of the CAI on hold.

EU and member states' engagement with self-ruled Taiwan is another point of contention in relations with China, which claims sovereignty over the island democracy and has sought to limit other countries' interactions with it. The EU maintains a "One China" policy, while warning that unilateral changes to the status quo and the use of force would be detrimental to the EU-China relationship.

Differing Views Within Europe

Despite seemingly growing agreement within the EU on certain aspects of relations with China, forging a consistent, consensus-based policy has often been difficult. Major EU decisions on external economic relations and foreign policy often require unanimous agreement from the EU's 27 members, which have varying national security concerns and economic interests, as well as differing bilateral relations with China. Some member states have deeper trade and investment ties to China, making economic coercion a potentially more worrisome prospect for them than for others. Some observers suggest that Germany, for example, remains relatively cautious about upsetting relations with China, in part because of its extensive trade and investment relations. Further complicating efforts to reach consensus on China, views may differ among key stakeholders within EU member states, such as political parties, business groups, and civil society organizations.

Some observers asserted that an April 2023 joint visit to China by European Commission President von der Leyen and French President Emmanuel Macron demonstrated Europe's differing approaches to China. Prior to the visit, von der Leyen delivered a speech in Brussels outlining a tougher approach to China and a need to "de-risk" (but not "de-couple") Europe's economic relations with China to avoid dependence. President Macron, on the other hand, emphasized economic and commercial ties by bringing along a large delegation of French business representatives. Macron further stirred controversy in an interview following the trip in which he urged Europe to build strategic autonomy and avoid "getting dragged" into a confrontation between China and the United States over Taiwan. At the same time, the two leaders attempted to project unity during the visit by pushing China to play a larger role in ending Russia's war against Ukraine.

Some observers have viewed the PRC-led China-Central and Eastern European Countries engagement mechanism, formerly known in Europe as "17+1," as potentially driving a wedge between western and central and eastern Europe. The platform's prospects have grown increasingly uncertain, however, as some participants express disappointment that China's pledges of investment and trade have not materialized and frustration with China's

response to Russia's war against Ukraine. The Baltic states left the 17+1 in 2021 and 2022.

China's Perspective

While China generally portrays its relationship with the EU as friendly and cooperative, China's top diplomat Wang Yi has described the EU's acknowledgement of China as simultaneously a partner and a rival as the product of "cognitive dissonance" that is undermining China-Europe relations. China's EU policy includes rhetorical support for European integration and autonomy, which some Chinese officials have described as a way to promote a multipolar, less U.S.-centric world order.

China's support for the concept of EU "strategic autonomy" seems partially attributable to China's desire to weaken transatlantic ties, at a time when the United States is seeking to strengthen ties with Europe to counter China in certain areas. In his April 2023 meeting with Macron and von der Leyen, China's top leader, Xi Jinping, expressed his hope that "the EU will develop a more independent and objective perception of China and adopt a pragmatic and positive China policy." He also warned against adopting a narrative of "democracy vs. authoritarianism" and "stoking a new Cold War."

The PRC has sought to use Russia's invasion of Ukraine to advocate for changes to Europe's security architecture. In March 2023, State Councilor and Foreign Minister Qin Gang called the conflict "[essentially] the eruption of the problems built up in the security governance of Europe" and argued "the legitimate security concerns of all parties," including Russia, "should be respected" to achieve "durable security" in Europe. According to some Western officials cited in international media, Special Representative on Eurasian Affairs Li Hui's May 2023 tour of Europe was aimed at "testing the unity of the West and trying to show initiative."

U.S.-EU Cooperation and Congressional Interests

The Biden Administration and the EU have sought to deepen cooperation on shared concerns about China. In 2021, the two parties relaunched the U.S.-EU Dialogue on China. The United States and the EU also coordinate on shared concerns about China through the TTC and the Group of Seven (G7). At the same time, varying economic and political interests among EU member states, as well as areas of friction in the broader transatlantic partnership, could impact cooperation and coordination on China.

Among other areas of potential oversight, Congress might assess transatlantic cooperation under the U.S.-EU Dialogue on China and other platforms. Congress also might evaluate transatlantic cooperation on countering PRC influence in other global regions and alignment on policies whose effectiveness may partly depend on coordinated action, such as export controls on sensitive and emerging technologies. Additionally, Congress might evaluate the scope of China's economic and other ties to individual EU members and assess their policies on China-related issues.

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