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REASSESSING DEPENDENCIES: THE EU'S
PATH TO DE-RISKING IN LIGHT OF
CHINA'S INDUSTRIAL AMBITIONS

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Reassessing Dependencies: The EU's Path to De-Risking in Light of China's Industrial Ambitions

China's industrial policies are reshaping global trade dynamics, prompting the European Union (EU) to reassess its approach towards risk mitigation. As China strengthens its domestic supply market, particularly in high-tech and renewable energy sectors, EU policymakers are progressively facing pressure to decrease their reliance on China in sectors like [critical minerals](#), magnesium and lithium. Amidst rising geopolitical tension and increasingly proactive action towards addressing the climate crisis, industrial policies have moved to the forefront and have gained traction worldwide, exerting significant influence on the international market. As a consequence, European Commission President Ursula von der Leyen presented the concept of 'de-risking', which has emerged as a major term among policymakers. The approach underscores the imperative for enhanced understanding, communication and common agreement between China and the EU to foster fair competition globally.

China's industrial policies have gained a central role in their high-tech aspirations. These policies aim to bolster [ICT, electrical, machinery and rail industries](#) to trigger aggregate demand and boost national competitiveness, ultimately impacting the future of innovation on the world stage. This endeavour is epitomised by the 'Made in China 2025' (MIC 2025) initiative, launched [during the Xi/Li era in 2015](#). It underscores China's ambition to achieve technological self-sufficiency through targeted [investments in research and development \(R&D\)](#) and technological innovation. The nation's goal is to become an innovation-driven, high-value economy propelled by both industrial production and consumer demand. It identifies ten specific manufacturing sectors which China sees as key to ascending the global value chain. These include next generation IT, high-end digital control machinery, aerospace equipment, high-tech oceanographic equipment, high-tech rail equipment, new energy and [high performance medical equipment](#).

However, as China ramps up production and fosters domestic innovation, concerns over global [overcapacity](#) loom large. The presence of overproduction and low consumption, further fuelled by China's quest for self-sufficiency, has created tension in international markets, particularly within the EU and US, who have been voicing concerns regarding unfair trade practices and market distortion. Beijing has mainly drawn attention through their quickly rising electrical vehicle (EV) industry. The EU has blamed China for exporting an overcapacity of EVs, forcing the EU's domestic players out of their own domestic markets. In light of escalating risk aversion and economic uncertainties, addressing the risks associated with overcapacity will become essential for both China and the EU. While industrial policies offer avenues for economic growth, they are not without limitations. A poorly implemented industrial policy can [result in resource misallocation, corruption and knock-on policy failures](#). The COVID-19 pandemic exposed significant vulnerabilities in global supply chains. For the European Union it particularly highlighted its over-reliance on China in sectors such as [cars, aerospace and medicines](#). Many businesses struggled to navigate [supply shortages resulting from border closures](#), underscoring the urgent need for the EU to implement de-risking strategies and diversify its supply networks.

In March 2023, ahead of her China visit, Ursula von der Leyen outlined the [EU's approach](#) towards China's policies and potential alterations. She explained why the EU needs to de-risk from China, reducing economic reliance on external partners by recognising threats and ["acknowledging the evolving strategic landscape globalisation"](#). De-risking can be described as a refinement to both concepts of ["decoupling and strategic autonomy"](#). This emphasises the necessity of maintaining a balanced relationship where the EU adapts its policies according to its own interests, in response to China's changing industrial movement. A vital takeaway from von der Leyen's speech is that the EU cannot *totally* decouple from China. Instead, the EU needs to reinforce sectors where it can benefit from cooperation and competition, such as trade, finance, climate, sustainable development or health. Open communication and diplomatic stability with China is [considered vital in these sectors](#).

China is anticipating a period of economic challenges related to low consumption rates, a concern highlighted by Xi Jinping during the 20th CCP [party congress in 2022](#). In response, the EU must prepare for a more market independent China while concurrently strengthening the international system. One viable approach for the EU to do so is to continue promoting rule-based global trade and investments to ensure fair competition. Enhancing transparency and predictability in EU-China relations is central to this effort, as it fosters a conducive environment and safeguards EU business interests. This strategy involves increasing the frequency of summits, expanding dialogue, and sharing economic data and progress reports. Through de-risking and diversification of its supply chains, the EU aims to foster fairer competition. However, in this respect one of the main challenges is to balance the recently more strained relationship between the EU and China. Increased mutual understanding and communication will therefore be needed to achieve greater reciprocity and alignment.

Industrial Policies

Industrial policies are defined by the OECD as ["government assistance to businesses in order to boost specific sectors of the economy"](#). They are often employed in fields where the market cannot address specific societal challenges on its own. Industrial policies are not only gaining traction in China. They have become [increasingly prevalent globally](#), especially amidst rising geopolitical tensions exacerbated by the Covid-19 pandemic, war in Ukraine, climate crisis and the US-China trade war. These issues have raised concerns regarding supply chain resilience, economic and national security and efficient allocation of resources, thereby intensifying the adoption of industrial policies worldwide. According to [IMF data](#), over 2,500 industrial policies were introduced last year, with more than two thirds favouring domestic interests, which have the potential to impact international trade. Advanced economies such as China, the EU and US have all witnessed surges in industrial policy implementation since 2023. These policies aim to address [strategic dependencies](#)—factors impacting European security, safety, public health, and access to crucial green technologies—while bolstering consumer resilience within respective markets. In the EU specifically, the green deal is perhaps the most comprehensive package of industrial policies, reflecting its necessity in the EU's push towards climate neutrality. However, the EU faces challenges in meeting its ambitious 2030 objectives, such as sourcing at [least 40% of its annual consumption](#) of critical raw materials from domestic

processing amidst China's pursuit of competitive advantage in global production of these materials.

China mixes a set of [governmental industrial guidance funds](#) with larger funds transmitting government and private capital into specific support for these target sectors. After China's [economic deceleration over the past 10 years](#), industrial policies are heavily focused on innovation in their domestic industrial bases. Most government guidance funds (GGFs) are focused on the priority industries involved in the MIC 2025. Between 2017 and 2019, almost [20% of GGFs went to advanced manufacturing](#), closely followed by electronics and AI. Domestic prioritisation is deemed evident as China consistently [aims to boost its local production](#) and opt for "[indigenous innovation](#)". China has historically demonstrated the effectiveness of prioritising sectors in the manufacturing industry, as proven by initiatives like its Five Year Plans (FYP) introduced since the establishment of the People's Republic of China in 1949. [Research by Wu et al. \(2019\)](#) has indicated a higher output for industries promoted under the FYPs. However, the results mentioned above could be slightly misleading because, unlike the MIC 2025, the FYPs encompass all aspects of economic and social development, not only industrial. Additionally, [MIC 2025-related data](#) do not include companies selected to receive government benefits or subsidies. Therefore, access to additional data and information would be essential for accurately assessing the actual impact and conducting a thorough analysis of MIC 2025-related policies. The metric of success for innovation schemes typically relies on identifying the ultimate supplier of capital, assessing industrial policy outcomes and creating valuable partnerships. In China, FYP tasks are [completed by the government](#), suggesting that there may be objectives beyond economic considerations, including diplomatic goals.

[China's increased production](#), coupled with stagnant consumption exacerbated by the pandemic and growing uncertainties, has led to a global oversupply of EVs and subsequent drop in prices. This situation has prompted Chinese manufacturers to export their excess inventory to international markets, creating a significant challenge for European car manufacturers. These European companies struggle to compete against the low prices of Chinese EVs, resulting in a loss of market share and revenue. Following its anti-subsidy investigation into the Chinese EV industry, the EU has [imposed temporary extra tariffs](#) on Chinese electric cars. The EU investigation's findings regarding domestic subsidies for Chinese producers have raised market equilibrium concerns. Policymakers are considering measures to maintain fair competition and [protect domestic manufacturers](#) across various markets in Europe from potential market distortions caused by subsidised imports.

These high production concerns are often countered by arguing that uneven industrial development and overcapacity are inevitable in a globalised economy. Additionally, proponents suggest that China's focus on quality-driven tech products and [green transition initiatives](#) can create mutually beneficial specialisation, where different nations contribute their unique strengths to the global market. However, with the conclusion of the EU's investigations deeming unfair trade practices and market distortion, the EU is now set to hold China accountable by imposing trade remedies such as tariffs as a response mechanism. These tariffs are planned to amount up to [38% on imported Chinese EVs](#). Such actions reflect a broader

international discussion on maintaining fair competition in the evolving global automotive market.

Nonetheless, navigating the complexities of EU-China trade relations is not always straightforward, given the lack of data and information transparency on China's policies in fields such as [science and innovation](#). Although the temptation for Europe may be to reduce reliance on China, the reality is that many EU businesses remain heavily dependent on Chinese suppliers. China is the EU's single supplier in many sectors including [98% of the EU's rare earth supply, 93% of magnesium and 97% of lithium](#) provision. This underscores the underlying reason and [urgent need](#) for the EU to develop a clear de-risking strategy rather than pursuing an outright decoupling from China. The strategy needs to identify in more detail the key products and sectors which they aim to de-risking in, offering clear and attractive alternatives. The EU's current supply chain is inflexible, expressing the urgent need for a clearer plan in mitigating risks associated with over-reliance on China and other nations.

De-risking, What It Is And How It Works

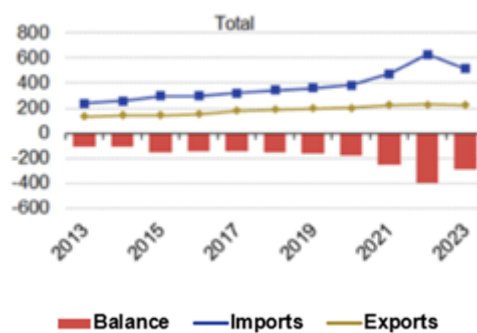
Von der Leyen's speech provided us with the first key insights into the rationale and strategies behind de-risking. However, the concept remains nebulous in both its definition and implementation. China and the EU appear to have [divergent interpretations](#) of the de-risking concept. The Chinese Ministry of Foreign Affairs responded critically to its introduction, stating, "[if the EU seeks to decouple from China in the name of 'de-risking', it will decouple from opportunities, cooperation, stability, and development](#)." This response suggests that China views de-risking as a euphemism for economic decoupling. Fundamentally, the idea of de-risking arises from von Der Leyen and the EU's acknowledgement of China's evolving system and the imperative to align forthcoming policies accordingly. Collaboration within the EU is essential for enhancing sectors such as trade, climate, sustainable development and health. Diplomatic stability with China is paramount to realising optimal outcomes in these areas. Given the EU's significant reliance on China across multiple sectors, maintaining a constructive relationship and dialogue with the country is crucial, underscoring why decoupling from China is not a preferred option.

Yet, EU-China relations have encountered strains in recent years. [For example](#), Beijing disregarded the EU's deployment of sanctions on China related to [human rights concerns in its Xinjiang region in 2021](#). Additionally, China [abstained from voting](#) on the UN resolution condemning Russia's annexation of Ukrainian territories during the 2022 invasion. Despite these issues, cooperative efforts remain significant. The [Kunming-Montreal Global Biodiversity agreement](#) on climate change and nature protection is one such example. Furthermore, [China's active engagement in global initiatives like COP28](#) underscores the importance of cooperation in multiple domains. Given that China accounts for [9% of EU exports and over 20% of imports](#), collaboration and aligning interests are vital. Consequently, the primary challenge lies in rectifying the current trade imbalances. To improve this relationship, the goal should be promoting transparency, predictability and reciprocity in diplomacy and economic relations. Reevaluation of the current state of affairs between the regions is necessary to ensure that future trade deals support economic and national security

interests. While diplomatic de-risking aims to prevent crises arising from China's [military expansion and to increase knowledge transfers](#), the primary focus remains on economic de-risking strategies.

Economic de-risking as conceptualised by the EU consists of risk assessment, acknowledging China's shifting economic priorities and diverting the [EU's dependencies](#) in critical areas. This strategy is structured across four pillars: becoming more competitive and resilient; the EU's [Critical Raw Materials Act](#); adapting to China's changing policies; and focusing on new trade agreements. Overall, risks must constantly be detected, monitored and managed, given the EU's substantial reliance on China. This necessitates encouraging more independence and diversity within the EU market and its supply chains, particularly in light of projections indicating a [17-fold increase in demand for lithium by 2030](#). To address this challenge, the EU has passed the Critical Raw Material Act, which aims to ensure secure and sustainable access to critical raw materials necessary for meeting the EU's climate objectives by 2030.

EU trade with China, 2013 - 2023



Source: [Eurostat](#)

The Eurostat graph above shows how trade between China and the EU has continued to grow until 2023. More remarkable is the trade deficit resulting from high Chinese imports into the EU, mainly caused by the mass import of pandemic supplies from China rather than a structural problem.

Shifts in China's domestic economic policies from [high-speed growth in gross domestic product \(GDP\) to a focus on advanced technology and manufacturing](#), also present an opportunity for the EU to develop new tools to safeguard critical sectors such as microelectronics, quantum computing, AI and biotechnology which can be applied for dual use. To address these concerns, the EU could develop a targeted instrument on outbound investment. In addition, the overarching strategy should include [forging new trade agreements](#) with partners like New Zealand, Australia and ASEAN, as well as upgrading existing ties such as for example the Trade and Technology Council with India and Green Alliance with Japan. Additionally, reinforcing the supply chain and diversifying trade will help the EU to build a more robust and diversified economic framework, reducing dependence on any single external partner.

Risk Assessment

Unlike the EU's recent strategic introduction of its de-risking approach, China's risk assessment of these policies far [predates that of the EU](#). Arguably, China has been de-risking since [the founding of the CCP](#), with self-sufficiency as a perennial goal. During China's initial reform period under Deng Xiaoping in the mid-1980s, the global community viewed China's efforts with optimism and patience. The focus was on overcoming the economic stagnation resulting from Maoist isolationism and the Cultural Revolution, while [modernising the country through gradual market-oriented reforms](#). China's substantial size and reform-oriented approach now mean that minor policy shifts such as components within their FYPs, or Xi's COVID-19 measures can have global repercussions. The introduction of the MIC 2025 initiative underscores the extent of China's preemptive risk assessment, especially in relation to de-risking. Launched in 2015 to promote self-reliance, MIC 2025 illustrates how China's approach to risk assessment has long outpaced that of the EU. China's advanced position in many fields presents a significant disadvantage for the EU and its de-risking strategy. One example is the [dual circulation policy, introduced by China in March 2021](#), which emphasised building an economy that integrates both domestic and international elements. It again aims to reduce China's foreign dependencies while enhancing industrial modernisation and technological innovation. The international component is leveraged when domestic goals are unattainable. This approach contrasts with the EU's more reactive stance on de-risking, which is pursued only when deemed necessary. In comparison, China proactively de-risks where possible, using globalisation to its advantage. This disparity suggests that the EU is more dependent on China than vice versa, posing a strategic risk to the EU.

As a result, the EU must strike a delicate balance between economic integration and risk management in its relationship with China. This approach necessitates consideration of the diverse roles played by EU diplomatic and business leaders, existing bilateral agreements, and the framework for promoting sustainable economic cooperation. Policymakers must navigate the complexities of trade and investment while addressing concerns related to supply chain adaptability, cybersecurity and geopolitical tensions.

One significant factor straining the EU-China relationship for the moment is China's close ties to Russia. Consistency in labelling and implementing de-risking components across all EU member states is therefore crucial. The sanctions imposed on Russia following its invasion of Ukraine have inadvertently pushed Russia closer to China, with [China supplying microelectronics and other materials that can be used in warfare](#). The EU faces significant risks from this imbalance, compounded by political differences and strategic distrust with China. Notably, in areas like research exchange, the Chinese government's [tighter control](#) amplifies these concerns, highlighting the need for the EU to implement effective mitigation strategies.

Research collaboration between the EU and China raises concerns about potential access to sensitive information. This could inadvertently contribute to China's technological advancements in areas such as [state surveillance and intelligence gathering](#), which may have wider societal and economic implications. The situation underscores the importance of conducting comprehensive risk assessments to ensure that such collaborations balance mutual

benefits with security considerations, and do not disproportionately favour China's economic and technological development at the expense of EU interests.

On the other hand, a recurring component in von der Leyen's de-risking speech was the importance of bilateral dialogue, collaboration and collective action among member states. While there are risks to be assessed, collaboration appears to be the most vital and plausible method for development going forward. The three components are specifically important in addressing issues such as trade tensions, supply chain vulnerabilities and technological dependencies. People-to-people exchanges are key to improving mutual understanding and establishing a functional relationship. Regarding research collaboration, China is a [leader in the global technological market](#) with regards to advancements in biotechnology, 5G, nano-materials and electric batteries. It is crucial for the EU to collaborate with China in these sectors to support its own research and industries. This partnership can yield mutual benefits, with the EU gaining valuable insights and technological advancements, while China can benefit from EU contributions in areas like climate change mitigation.

Besides the need for de-risking, maintaining and even increasing dialogue and cooperation will be crucial. The [EU-China High-Level People-to-People Dialogue \(HPPD\)](#) held at the end of March 2024 underscored this. Focusing on education and culture, the dialogue promoted cooperation in the transition towards a greener society and emphasised that dialogue is paramount to achieving like-minded goals. Additionally, the discussion shed light on cultural differences, emphasising the importance of cultural diplomacy and the need to respect differences in diplomatic decision-making. Launched in 2012, the HPPD has become a bi-annual platform for fostering mutual understanding, despite some disruptions during the covid-19 pandemic. Nevertheless, such dialogues may need to occur more frequently to cover a wider variety of topics. This increased engagement will help enhance cooperation and progress towards building a diplomatic level playing field between the two partners.

Despite the imperative for de-risking, enhancing dialogue and cooperation remains crucial, particularly given the complexity of China's policy system. [The knowledge gap between the EU and China has expanded since the pandemic](#), necessitating concerted efforts to bridge this divide. These efforts should aim to foster greater transparency, predictability, and reciprocity in EU-China relations. Bilateral relations between the EU and China have become more strenuous due to issues such as China's [trade measures, including against Lithuania](#), and its position on the war in Ukraine. This has resulted in the EU sanctioning 19 Chinese firms, including a Chinese [satellite industry selling satellite imagery to Russia's Wagner mercenary group](#). The EU-China [Comprehensive Agreement on Investment](#) (CAI) was an attempt to rebalance ties with China by creating better market access for investments in both areas. However, this agreement is now stalled after [tit-for-tat sanctions](#) applied over China's treatment of its Uyghur population.

Overall, all future trade deals will need to be carefully analysed to minimise risks to expose economic and national security. Nevertheless, these deals are often challenging to pass due to the differing stances in the European parliament and of various EU member states.

EU Member States' Stance on De-risking

Increased interconnectivity among EU member states will be crucial for effective de-risking. However, amid the war in Ukraine and China's [strengthened relations with Russia](#), many EU member states continue to pursue bilateral relations and agreements with China, resulting in diverse stances and interests.

Sino-German relations, for instance, are notably cordial, with many [German companies heavily reliant on the Chinese market](#) and vice-versa. However, the pandemic unveiled vulnerabilities in over-reliance on external goods and services in German and broader European supply chains. In response, Germany has encouraged its businesses to de-risk, as outlined in Germany's 2023 Strategy on China, which characterises China as both a systemic rival and a necessary partner for increased collaboration. Given their aligned economic interests, Germany promotes the principle of reciprocity with China. This focus was underscored during Chancellor [Olaf Scholz's visit to China](#) in mid-April 2024, which featured less discussion on trade practices and more on the importance of bilateral business cooperation. Furthermore, Germany was not in favour of introducing extra tariffs on Chinese EVs, with Scholz claiming that the policy "[makes everything more expensive, and everyone poorer.](#)"

France on the other hand has adopted a more assertive de-risking stance. President Macron is determined to avoid China dominating the automobile industry as it previously did with solar panels. Consequently, France has emphasised the implementation of anti-dumping policies to safeguard its automotive industry. This de-risking strategy involves advocating for the increased tariffs on electric vehicles, which may soon be countered with further tariffs on French exports of Cognac and other products. Previously, [the EU's custom tariffs on car imports from China](#) stood at 10% compared to the US's 27% on Chinese exports, and China's 15-25% for imports from the EU. During Xi's visit to France, Macron highlighted these concerns, although it remains unclear how the differing expectations of both parties will evolve. Despite these challenges, cooperation remains an essential step forward for both nations.

The Netherlands perceives China as both a crucial trading partner and a [significant economic competitor](#), leading to the adoption of a more assertive stance towards Beijing. This shift has been partly influenced by [US pressure to restrict](#) the export of semiconductor equipment to China. A key example of this new approach is the implementation of Dutch export controls on microchip technology, specifically targeting ASML, a Dutch company that is one of the [few global providers of advanced photolithography](#) machines used in chip production. These regulations limit ASML's ability to sell its [cutting-edge chip machinery to China](#). Additionally, the Netherlands has taken steps to [reduce the number of Chinese students](#) and researchers in the country, citing [national security concerns](#).

Lithuania also maintains a strong stance against China, largely due to China's support for Russia, which is highlighted in [Lithuania's Assessment of National Security](#) in 2023, as well as a political and trade row between the two starting after Lithuania authorised the opening of a [Taiwan Representative Office](#) on their ground.

Conversely, Hungary stands as one of China's main allies and friendly nations in the EU. Hungary has consistently opposed any EU statement criticising China. Additionally, economic and political ties between the two have strengthened, exemplified by [Hungary granting permission for China's CATL company](#) to build the largest electric vehicle battery plant in Europe.

Given the points discussed above, the incoming European Commission and parliament should prioritise fostering an enhanced interconnected network among EU member states, and subsequently improved understanding of China. A continuous knowledge flow is essential and can be facilitated by regular interactions and consultations with external expert communities, positioning the EU as the central hub for such information. Moreover the EU seeks to expand its network of [like-minded trade and investment partners](#) to enhance prosperity, economic resilience, and global development. These partners, such as Australia, Japan, and South Korea, share democratic norms and values with the EU, facilitating cooperation on tangible achievements. Simultaneously, aiming to deepen relationships with developing countries in the Global South will help to diversify global value chains and create new development opportunities. This dual approach enhances overall economic resilience. However, China's significant investments in many developing regions pose a challenge to EU initiatives. To address this, the EU must carefully balance supply chain diversification with sustainability expectations while engaging strong existing and a range of new partners. One way in which they aim to approach this is via their [Global Gateway strategy](#). This initiative aims to strengthen the EU's global economic position while promoting sustainable development, democratic values and equal partnerships in countries across [Africa, Latin America and Asia-Pacific](#). It can be regarded as a method through which the European Commission is politicising trade, which could complicate the negotiation of future trade agreements. However, the deployment of the Global Gateway will take time as it will require building meaningful economic partnerships along with new industrial deals with these partner countries.

The Way Forward: Balancing EU-China Interdependence

The question of who needs whom more is crucial to understanding successful de-risking and strategic dependencies. Overall, it is virtually impossible to reduce strategic dependencies to the extent that this also "[provides the economic security and technological sovereignty](#)" the EU seeks. Companies, particularly those in the technological sector, are heavily reliant on the transnational division of labour. China also depends on the EU for its technological advancements. Consequently, the EU should adjust its policies and differentiate its economic relationships. Although the PRC is undergoing an economic transformation, maintaining production growth remains crucial for preventing social unrest and ensuring societal stability. Consequently, the question is if perhaps implementing measures that increase technological and economic costs for China would be the most effective strategy in supporting the EU's efforts to reduce its strategic dependencies? In response to China's supply-side policies, the EU must maintain its commitment to sustainable supply chains, while strengthening partnerships, particularly in the critical raw material sector, which is essential for the green transition. Furthermore, it is crucial to recognise China's advanced risk assessment and long-standing

preparation for self-sufficiency through its industrial policies. China has been pursuing self-sufficiency for a much longer period than the EU, making the EU's dependency on China much greater than China's dependency on the union.

The EU should not seek to decouple from China but instead focus on better protecting its regional security and sovereignty by de-risking supply chains through differentiation and aligning its interests more realistically. Diversification needs to be achieved by utilising new regulatory tools, such as the Critical Raw Material Act, to shift away from dependence on critical minerals and toward the goals of the [Net-Zero Industry Act](#). This approach will support the EU's green technology transition and efforts to lower global emissions. However, even in this context, China remains dominant in certain markets, supplying over 80% of the EU's demand for solar panels and over 90% for lithium batteries, which are essential for the production of electric vehicles.

As accurately measuring Chinese subsidies supporting their industrial policies is challenging, should the EU's response involve comprehensive investigations? China's industrial policies are embedded in a unique institutional setup, making comparisons with European policies difficult. Nevertheless, Europe's more developed and formalised institutions enable it to conduct its industrial policies with greater transparency. The EU must consider the opportunity cost of entering a subsidy competition with China and the US, which could provoke reactions from dependent partners. Although China's industrial policies have achieved some success, they have [not been sufficient to overcome stagnant productivity](#) growth. These successes often appear linked to government choices, [suggesting ongoing regional protectionist actions such as direct subsidies](#).

If the EU can operate efficiently and clearly prioritise its goals, de-risking will be challenging but achievable. Success hinges on understanding China's industrial policies and institutional framework, while fostering an interconnected network among EU member states. By leveraging new regulatory tools, diversifying supply chains, and balancing economic integration with strategic risk management, the EU can protect its interests. This approach will help the EU maintain its technological edge and economic security while navigating China's unique competitive landscape. Engaging productively despite inherent risks remains crucial, as EU-China relations are a long-term matter. It is important to recognise that these strategic adjustments are not indicative of an inevitable deterioration in relations, but rather an evolution towards a more balanced and mutually beneficial partnership.



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