European Guanxi Conference 2026

The Avoidable Trade War: How Can the EU and China Find a Solution to the Trade Conflict?

Saturday, 19 September 2026

Expert Panel 1: The Trade Toolbox: The EU and China

Discussants:
Ms. Linlin Liang, Director at the China Chamber of Commerce to the European Union (CCCEU)
Mr. Sense Hofstede, China Team Brussels Office Head, Association for International Affairs (AMO)
Mr. Robin Schindowski, PhD Researcher, KU Leuven

Moderation:
Mr. Moritz Wendt, Programme Director, EIAS

The first panel of the day discussed the various tools that both the EU and China could potentially use if a 'trade war' were to occur. As a reference to the theme of the panel, the speakers were quick to add nuance to this polarising term. Chinese officials usually emphasise the fact that there currently is no trade war, but merely tensions, while some European analysts point to the abuse of the term 'trade war' as an American concept of great power competition, something that we should not wish to replicate in the EU-China trade relationship. There is a general belief that if tensions escalate in a full-blown trade war, there will be no winners, bar perhaps the other side of the Atlantic.

It is however undeniable that both parties have a number of grievances towards each other. Some might say that the bilateral trade relationship is under strain from two distinct systems of economic governance; the European liberal market and the Chinese state-led socialist market have different inner logics, inevitably leading to confrontation. Chinese export controls, restrictions on dual-use products and overbearing regulation can be felt by European industry as well. State support for Chinese businesses gives them an unequal advantage on the global market, although this is resolutely denied by the Chinese perspective on the discussion. Rising EU protectionism and overregulation requiring a high level of compliance (in the form of the IAA and CBAM) creates uncertainty for foreign companies. This

negatively affects Chinese investment in Europe, which ultimately could slow down its re-industrialisation efforts.

Ultimately, controlling access to the European market is Europe's biggest strength in trade negotiations, as Chinese companies need this access to offset overcapacity as the result of involution. China's strongest tool, on the other hand, is its dominance in global supply chains of critical minerals and various technologies. This points to the fact that current trade tensions are more about political security on both sides. What we are dealing with are certain domestic tendencies and protectionist measures that bear politically unacceptable consequences for the other party. The panel agreed that this is where both sides should learn to accept each other's concerns while respecting red lines. To dismantle hurdles and rebuild mutual trust would create a more optimal commercial environment. For this objective to be achieved, transparency and honesty about economic data and political intentions are required for both sides to rebuild trust.

Expert Panel 2: Navigating Trade Tensions Through Diplomacy

Discussants:
Mr. Antoine Bondaz, former Associate Professor at Sciences Po
Mr. Ivano di Carlo, Senior Policy Analyst, European Policy Centre
Ms. Emma Belmonte, Freelance Journalist and China Analyst

Moderation:
Ms. Paulina Morozova, European Guanxi, Incoming ViceSecretary-General

In light of the ongoing trade negotiations between the EU and China, expected to deliver preliminary results in October, the speakers have a gloomy outlook on current diplomatic relations. They predict a stormy winter, as both sides have made clear that the stakes are very high, and pressure tools are being carefully deployed. This is why the speakers applaud all the different kinds of engagement that take place between European and Chinese counterparts on the lower levels of people-to-people exchange. Think of think tanks, academics and professional collaborations outside of the diplomatic apparatus. This is important because the higher levels of diplomatic engagement happen in a very orchestrated way, often lacking critical access to the other side of the negotiation table.

All speakers agree that continuing dialogue is essential in maintaining a stable relationship and preventing escalation. Although there is a real risk of

misunderstanding each other's stances in diplomatic negotiations. The Chinese approach to other countries on an axis of "'friendly' to 'unfriendly'" and "'understands us' to 'does not understand us'" is revealing. 'Understanding' is not about the availability of information, but it is about how diplomats, academics and analysts interpret information and whether they are capable of understanding their object of study from within. This process is made even more difficult by the opaque nature of Chinese diplomacy and the lack of access to Chinese officials, making it harder to understand their motives and grievances. The differences between the EU and China are very material; it is in the best interest of both parties to acknowledge them and not to treat them as trivial or unimportant.

Two poignant examples of where the EU and China might misunderstand each other that were raised by the panel, are the EU's derisking strategy and China's support for Russia. The derisking strategy is an example of how unilateral understanding of the bilateral relationship frames things negatively. By designating the EU's approach towards China as a 'derisking strategy', China is automatically assigned the status of a 'risk' for EU markets. When it comes to China's relationship to Russia, it is a deeply pragmatic cooperation and not a military alliance, even though it indirectly hurts its relationship with the EU, something where both sides are diametrically opposed to each other.

In sum, reciprocity and mutual understanding are the key objectives of any kind of diplomatic engagement. As a result, the best-case scenario for EU-China trade negotiations for the European side would be China's opening of certain parts of the Chinese market to European companies and to politically recognise European concerns. While for the Chinese it is important that Europe acknowledges the specific economic situation and development path that China is currently on.

Expert Panel 3: Trade in the Age of Technological Competition

Discussants:
Mr. Nick Reiners, Senior Analyst, Eurasia Group
Ms. Jiaxin Li, Senior Consultant, APCO
Mr. Victor de Decker, Research Fellow, Egmont Institute

Moderation:
Mr. Thomas Nielsen, Associate Researcher, EIAS

In the last panel of the day, the speakers discuss EU-China trade relations in the face of global technological competition. More specifically, the race to lead in certain sectors has intensified between China and the US, but where does Europe situate itself on this issue? Technological development is a highly geo-economic issue, often interlinked with supply chain uncertainty and the weaponisation of critical segments thereof.

The speakers acknowledge that technological development has increased global interdependence in supply chains, and when these are weaponised, tensions arise. However, the fact that certain elements in global supply chains can be weaponised, does not mean that they necessarily have to be, as these connections run very deep and will inevitably hurt all sides involved. Additionally, while the EU does have its tools, such as market access and advanced manufacturing within its borders, weaponising them is a costly game because of a lack of scale and centralised power, as well as the fact that China can retaliate swiftly. Moreover, different member states often have different alignments and interests, making a unified strategy nearly impossible.

This lack of cohesion also results in a lack of speed, and so the EU will perpetually react to China's fast pace of new political developments while never being able to take a proactive stance. The speakers clarify that the long-term durability of any kind of relationship between the EU and China does not hinge on who can weaponise what the fastest or in the most efficient way. What is needed in this moment of technological competition is mutual trust and measures that are mutually beneficial. For the EU, the war in Ukraine and China's seemingly unconditional support for Russia is the main hurdle in trust-building. The asymmetrical market access between Chinese companies in Europe and European companies in China, where the Chinese market is more closed off to foreign activity, is the second hurdle.

And so, the speakers believe that if Europe wants to cultivate its competitiveness in technological development and other critical sectors, it needs to invest in elevating the single market to a Capital Markets Union to facilitate companies to scale up. The EU is not a frontrunner in the AI race, so it does not try to compete on this level. Instead, it is doubling down on industrial capacity, which is where the IAA is relevant. However, this must be implemented in a thoughtful way. Discouraging Chinese FDI in the European market will have negative results for the current re-industrialisation efforts. Chinese companies can provide the necessary investment in European industry, as well as cheaper basic goods for European manufacturing where production is considerably more expensive. Regulation, no

matter how strict, is ultimately preferable over uncertainty. The IAA demonstrates that Europe does believe that foreign investment in strategic sectors is a means to catching up technologically if certain requirements on localisation of supply chains are met.