

Has Europe Finally Become Geopolitical on China?

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The United States' and Europe's priorities on China started to diverge many years ago. From a U.S. perspective, China is the only power that can challenge U.S. hegemony in economic and foreign policy and the international liberal order. From a European perspective, China has long been seen as a partner, competitor, and systemic rival—all at the same time. During the Trump administration, Europeans saw themselves caught in a fight between two elephants. The idea that Europe should pursue a “third way,” different from the U.S. approach towards China, was very popular at that time, and promoted by EU officials and European leaders.

However, European countries have come a long way, despite all their difficulties to speak with one voice and their preference for a mercantilist policy. Brussels and many European member states are increasingly emphasizing China's role as a “competitor” and “systemic rival” instead of a partner. A process of disillusionment with China has taken place. China's nontransparent behavior during the pandemic, leveraging of supply-chain dependencies, and support of Russia's invasion of Ukraine have awoken Europeans to the dangers of a naive China policy, domestically and internationally. The European Commission under the leadership of Ursula von der Leyen has played a crucial role in spearheading this shift in Europe. So have member states like Lithuania, which has opened the eyes of other big member states like France and Germany to the instruments of coercion that China is willing to apply. Instead of pursuing a “third way,” distinct from the United States, Europeans are now seeking ways to ally, although not to fully align, with the U.S. on China.

The new common term of “de-risking” has raised hopes that finally common ground has been achieved on both sides of the Atlantic during the Biden administration. The Biden administration's National Security Strategy speaks of responsible competition with China and tries to assure its allies that it is not seeking to contain Beijing.¹ The term “de-risking” is not new in the China debate, but it was embraced by European Commission President Ursula von der Leyen in a speech in March 2023.² In response, it was also adopted by U.S. National Security Advisor Jake Sullivan.

In the broadest sense, “de-risking” means reducing one's economic vulnerabilities while at the same time continuing trade and investment with China. However, it is unclear how far “de-risking” goes for the U.S. and Europe, and which instruments should be applied to reduce vulnerabilities. The U.S. and European understanding of “de-risking” differs from narrow to wide, and to make things even more complicated, no agreement exists within Europe on what “de-risking” exactly means.

For the United States, “de-risking” means a broader interpretation of reducing national security risks due to dependencies and restricting dual-use advanced technologies for military purposes. The U.S. has a stricter idea of export controls than Europeans and put forward an Executive Order in August 2023 on outbound investment screening for military, intelligence, surveillance, and cyber critical products.³ U.S. companies have every incentive to assume that restrictions placed on doing business in and with China will only increase regardless of the future U.S. administration. Voluntarily, they are taking steps to separate business in China from business at home.

For Europeans, such as France and Germany, the priority is placed on “diversifying”—which means, increasing trade and investment ties with other countries other than China to reduce dependencies, but not necessarily to limit economic ties with China. The European Commission is more forward leaning on export controls and outbound investment screenings, but member states are wary of a backlash from China. German “too big to fail” companies, such as BASF and Volkswagen, are continuing investments and trying to get the most profit out of their China business for as long as possible. Importantly, most Europeans understand the challenge from China as a primarily economic security concern, not as a geopolitical challenge or as a national security risk, as the United States does.

The forum designed to bridge the differences between Europe and the United States—the U.S.-EU Trade and Technology Council (TTC)—is unlikely to resolve them. It does not address the most contentious issues of transatlantic China policy, and it is too technocratic and not high level enough to find politically viable solutions. Instead, allies are using direct diplomacy, for instance within the G7, to achieve results.

The ambiguity inherent in the term “de-risking” and in the subsequent policies is a strength and a weakness at the same time. It is better to have a common concept and to diverge on policies and instruments than to lack an overarching concept. Towards China, this term signals commitment and coordination. However, while useful as an umbrella term for the here and now, “de-risking” is unlikely to resolve the different understandings of the challenge that China poses.

Despite the long way that Europe has come, its debate on China reflects a geoeconomic Europe, less so a geopolitical Europe. To take the next step, Europe has to engage seriously with the security dimension and the risk that China poses in its neighborhood. That means developing a stance on Taiwan which is more mature than the remarks of French President Emmanuel Macron on his way back from China in April 2023, when he called a potential Taiwan emergency one of the “crises that are not ours.”⁴ A Taiwan crisis will inevitably become Europe’s problem, if only because of its close partnership with the United States. Equidistance is an illusionary option.

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¹ Joseph R. Biden, Jr., National Security Strategy of the United States of America, (Washington, DC: White House, 2022) <https://www.whitehouse.gov/wp-content/uploads/2022/10/Biden-Harris-Administrations-National-Security-Strategy-10.2022.pdf>.

² Ursula von der Leyen, “Speech by President von der Leyen on EU-China Relations to the Mercator Institute for China Studies and the European Policy Centre,” European Commission, March 30, 2023, https://ec.europa.eu/commission/presscorner/detail/en/speech_23_2063.

³ “Executive Order on Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern,” The White House, August 9, 2023, <https://www.whitehouse.gov/briefing-room/presidential-actions/2023/08/09/executive-order-on-addressing-united-states-investments-in-certain-national-security-technologies-and-products-in-countries-of-concern/>.

⁴ Jamil Anderlini and Clea Caulcutt, “Europe Must Resist Pressure to Become ‘America’s Followers,’ Says Macron,” POLITICO, April 9, 2023, <https://www.politico.eu/article/emmanuel-macron-china-america-pressure-interview/#:~:text=He%20said%20%E2%80%9Cthe%20great%20risk,Unit%C3%A9%2C%20France's%20Air%20Force%20One.>