

EU/CHINA: Hawks on the rise, but no decoupling in sight

- The divisions between hawks and doves continue to complicate a common EU policy towards China, but even dovish member states such as France and Germany are struggling to develop a joint strategic approach.
- The deterioration of the EU-China relationship in the last few months has not had severe material implications from an economic standpoint.
- However, tensions would rise in the event of additional economic coercion by Beijing or the potential use of EU tools to defend itself against the weaponization of trade and investment ties.

As explained in previous pieces, divisions over how to deal with China run deep among European policy elites. Hawkish policymakers want to pursue a tougher line towards Beijing, including a more vocal approach towards issues such as human rights and Taiwan. On the other hand, doves wish to maintain cooperation with China and avoid taking actions that might hurt the economic relationship between the two blocs.

This split runs across countries, institutions, and economic sectors, which makes it challenging for the EU to develop a unified strategy toward Beijing. Moreover, even dovish governments are struggling to coordinate their positions. For example, French President Emmanuel Macron has recently failed to convince German Chancellor Olaf Scholz to organize a joint visit to Beijing. While France's efforts to lead EU policy towards China certainly ruffled some feathers in some European capitals, they at least represented an effort to leverage the bloc's size in the relationship with Beijing. Germany's decision to continue a more unilateral China policy will further complicate such a goal.

Furthermore, the German government is deeply divided. For instance, Scholz, the former mayor of Hamburg, recently managed to ensure government approval for Chinese investment into the city's port. But he was faced with resistance from no less than six ministries and, therefore, had to compromise, capping the investment at just below 25%. While this reflects an internal fight between trade-focused doves and hawkish proponents of a "values-based" foreign policy, it is complicated by the need to develop an alternative to Germany's export-led growth model.

On the European stage, the debate is only seemingly more clear-cut. Several of Germany's partners expect Berlin to simultaneously trade less with Beijing and use its exports-based fiscal firepower to underwrite new rounds of joint EU borrowing and investment – or risk being accused of a lack of solidarity. Neither in Berlin nor Brussels are these strategic and political trade-offs being discussed in an encompassing manner so far.

Rising hawks

Meanwhile, over the last two years, events have only given the hawks ammunition to push for a tougher line toward Beijing. For instance, the mutual imposition of sanctions in the spring of 2021 gave a solid reason to Members of the European Parliament (MEPs) to block the ratification of the Comprehensive Agreement on Investment (CAI), which is all but dead at this point. Moreover, Beijing's "Wolf Warrior" diplomacy and its ambiguous attitude toward Russia's invasion of Ukraine make it more difficult for doves to make their case for maintaining ties with China. The fact that the European External Action Service (EEAS, the EU's diplomatic service) has allegedly circulated a paper among member states in which it advocates a much tougher line towards Beijing is a testimony of the changing views of foreign policy elites on China.

Beyond Brussels, China's deployment of economic coercion vis-à-vis Lithuania after the Baltic country allowed Taiwan to open a representative office in Vilnius has further increased mistrust in Beijing's policies across most of Central and Eastern Europe (CEE). While the region was once seen as a potential gateway for Chinese investment, hopes of closer economic cooperation were swiftly replaced by [skepticism stemming from unmet expectations](#). Moreover, the Ukraine war has only reinforced these policymakers' perception that the US is the only credible security provider, making them much more willing to pursue a China policy more aligned with that of Washington.

No serious economic damage (for now)

Despite the deterioration of the EU-China relationship, economic ties between the two sides have not significantly deteriorated. For instance, despite Beijing's economic coercion against European firms following the tensions with Lithuania, most EU policymakers have been keen not to escalate the situation. That the US is pursuing technological decoupling unilaterally also speaks to EU policy elites' reluctance to pursue this agenda. In fact, the unprecedentedly tough [export controls targeting China](#), announced this month, represent a significant gamble that Europe, Japan, and South Korea will eventually align with Washington's aggressive approach, at least to some degree. If not, the US actions may prove largely self-defeating, as Chinese companies opt for non-US alternatives. A key signpost will be whether the US, the Netherlands, and Japan can reach an agreement in the coming months to block the sale of extreme ultraviolet lithography equipment to China in the coming months, codifying the current *de facto* ban that prevents Chinese firms from producing the most advanced chips.

In any case, the direction of travel suggests that an improvement in EU-China relations is unlikely. In the coming months, the EU is expected to approve several pieces of legislation designed to allow the Union to use its market size to enforce economic and geopolitical goals. For instance, the so-called anti-coercion instrument and the regulation against foreign subsidies that distort the internal market might be approved in the coming months. Moreover, the European Commission presented a legislative proposal to ban the marketing of goods made with forced labor in September.

While never explicitly mentioned as a justification for these measures, China's behavior is probably the key driver behind the creation of these mechanisms. In this regard, the EU is much more prepared (and willing) to use instruments at its disposal to push back against any potential coercion against Beijing. All in all, doves might be able to contain a push by the hawks to pursue a stronger line vis-à-vis China. Still, such a line will become much more difficult to maintain if Beijing moves on Taiwan or makes further attempts to weaponize economic and investment ties between the two blocs.

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