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Geostrategy

What's at Stake in the EU Elections: China Policy

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By Noah Barkin | December 14, 2023

EU Election Series: The European Parliament elections in 2024 will shape the EU's political direction over the next five years and, therefore, constitute a defining moment. In this series, GMF experts discuss the impact the elections will have on EU policy in key areas, consider what can—and should—be done before the elections, and outline potential post-election scenarios.

The EU has played a more influential role in shaping policy towards China than it has on any other major foreign policy issue in recent years. Beginning with its [Strategic Outlook](#) in 2019, which designated China as a partner, economic competitor, and systemic rival, the European Commission has been a driving force in steering the EU's 27 member states towards a common European policy in relation to a country that is seen increasingly as a multi-faceted threat to Europe in the trade, technology, and security realms. Commission President Ursula von der Leyen has become the face of Europe's China policy over the past year, delivering a major [China speech](#) in March, presenting a [de-risking strategy](#) in June, and announcing an [anti-subsidy investigation](#) into electric vehicle (EV) imports from China in September. She has traveled to Beijing twice in 2023 to [convey EU concerns](#) about the relationship directly to Chinese President Xi Jinping. Crucially, von der Leyen has also tried to build a bridge between the EU and United States on China policy.

The future of this agenda will depend, in part, on whether von der Leyen returns as president of the Commission. And the elections to the European Parliament will determine whether she has a chance to do that. The makeup of the parliament itself can also be important in shaping the direction of European China policy, as we saw in 2021 when members of the body [refused to ratify](#) the Comprehensive Agreement on Investment (CAI) between the EU and China after several of them were sanctioned by Beijing. Member states often look to Brussels to play the role of "bad cop" with Beijing. One should not underestimate, therefore, the impact that the composition of both the Commission and the parliament could have on Europe's evolving policy towards China.

Before June 2024: Building a Consensus on Economic Red Lines With China

As 2023 draws to an end, a perfect storm of crises—from the war in Ukraine and the Israel-Gaza conflict to faltering economic competitiveness and the rise of the far-right across Europe—threatens to overwhelm European capitals, distracting them from longer-term challenges, including those posed by China. It will be important, therefore, for the Commission to ensure that China remains at or near the top of the EU agenda. In the run-up to the elections in June, the Commission will need to generate ground-up momentum behind its economic security agenda as it works with member states to identify the risks tied to a handful of critical technologies. It will need to decide whether to impose duties on EVs imported from China, and whether to use other tools in its China toolbox to try to level the economic playing field with Beijing. All this will need to be calibrated to ensure member-state buy-in and mitigate the risks of a tit-for-tat escalation with China. At the same time, Brussels will need to ensure that relations with the Biden administration remain on a positive trajectory heading into the US election. With US support for

Ukraine showing cracks, the bitter aftertaste of Washington's Inflation Reduction Act (IRA) lingering in European capitals, and the threat of Trump-era steel and aluminum tariffs still hanging over relations, this could prove challenging. The following China-related priorities should top the EU's agenda in the first half of 2024:

- **Ensuring Collective Ownership of the Economic Security Agenda:** Von der Leyen has tried to fill a gap in the EU's policy toolbox with the economic security strategy she announced in June, but has faced resistance from member states, who fear a Commission power grab. To ensure that this agenda stays on track beyond the 2024 elections, the Commission's top priority should be to build collective ownership of the policy plan. This could be done by developing, together with member states, a multi-year de-risking roadmap that could include the creation of an Economic Security Council, grouping relevant EU commissioners and ministers from the member states. This council could invite leaders of European industry on an ad hoc basis to bolster an underdeveloped dialogue between governments and industry on matters relating to economic security. The council could also serve as a forum for discussion on possible EU policy responses to a second Trump administration.
- **Super-Charging European Industrial Competitiveness:** The IRA in the United States exposed a critical flaw in the EU's approach to the green transition: It has too often relied on regulatory sticks instead of carrots. Over the course of 2024, the Commission should look for ways to recalibrate its approach, using a [forthcoming report](#) on European competitiveness from former ECB President Mario Draghi to pivot to a more incentives-driven approach. The Commission's probe into EV imports from China seems sure to result in duties being slapped on Chinese cars, and this could be followed by other steps to level the playing field with China. But the EU will need to complement its protective trade measures with a bolder industrial strategy at home that creates stronger incentives for European and foreign businesses to invest in the bloc. A French [subsidy scheme](#) that rewards EVs produced with low emissions has shown that this can be done without violating WTO rules.
- **Future-Proofing Transatlantic Cooperation on China Challenges:** It would be foolish to think that the EU can head off [the storm](#) in transatlantic relations that would result from a Donald Trump victory in the US presidential election next November. But that doesn't mean that it shouldn't do all it can in 2024 to underline the upside of EU-US cooperation on China and the trade, technology, and security challenges at the heart of the China agenda. Securing broad acceptance for the Commission's economic security agenda is one important step. Another priority should be to demonstrate the value of the EU-US Trade and Technology Council (TTC) by delivering substantive progress at the next full ministerial meeting in the spring. The EU and the United States could also use that opportunity to announce a streamlining of the TTC, reducing the forum's ten working groups to a more manageable number, while simultaneously broadening its geographical scope—for example, by announcing an annual meeting that groups together members of the TTC and the so-called Quad (Australia, India, Japan, and the United States).

Scenarios and Risks: What Happens After the Elections?

The EU will need to pivot quickly in the aftermath of the elections, agreeing on the makeup of a new Commission, and demonstrating that it can keep up the momentum on China policy that was generated in 2023 by steering von der Leyen's de-risking agenda to a successful conclusion. The risk is that a strong showing for [the far right](#) in the EU elections, followed by similar results in elections in three eastern German states in early September, may create an impression of political disarray and distract Europe from the major geopolitical and economic challenges. Prolonged post-election politicking would send a bad signal in the run-up to the US election half a year later.

Continuity at the top of the Commission would reduce these risks. If there is a change, it will be important for the biggest member states—which have too often contented themselves with weak candidates at the EU level—to choose strong political personalities to lead the key institutions in Brussels, including not only the Commission, but the European Council and the European External Action Service. Divisions among the leaders of these bodies in past years have undermined the credibility of the EU. At a time of geopolitical upheaval, unity at the top is more important than ever. Member states, meanwhile, will need to acknowledge that the growing nexus of trade, technology, and security challenges will inevitably lead to changes in the division of labor between Brussels and national capitals. The days when one could neatly assign responsibility for trade and monetary policy to EU bodies while leaving foreign and security policy to the member states are coming to an end.

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