

CHAPTER 3

UNITED AGAINST BEIJING – OR EACH OTHER?

The transatlantic rift on China strategy

by

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Transatlantic exchanges on China are shaped by contrasting dynamics: shared (though not always) congruent interests on one hand, and mutual uncertainty on the other. Europeans are uncertain of the role that the People's Republic of China (PRC) plays in the strategic thinking of the second Trump administration. Meanwhile, the majority of Washington's foreign policy community – regardless of party affiliation – identifies China as a major security threat to the United States, but doubts that the EU is genuinely like-minded. This mutual mistrust translates into concrete concerns that affect European security interests, the EU's economic security and the continent's economic prosperity.

The EU should focus on its own interests rather than tailoring its China policy to please Trump, as some observers are suggesting⁽¹⁾, while seeking to show the US that sectoral cooperation can benefit both sides in areas such as addressing

Chinese overcapacity, safeguarding economic security, and power projection in Eurasia. At the same time, it must be prepared to defend its interests *vis-à-vis* Beijing independently, working with like-minded partners around the world and in Congress.

MIXED SIGNALS: CONTAINING CHINA OR STRIKING A DEAL?

Unlike during the first Trump administration, Washington is sending mixed signals on China. After Trump's inauguration, initial indications suggested that the President 2.0 would continue the hawkish China policy of his first term in office. Beginning in 2018, Trump had launched a trade war with China that

(1) Ruge, M., 'Facing Trump's tariff war: a defensive blueprint for the EU', European Council on Foreign Relations, 19 February 2025 (<https://ecfr.eu/article/facing-trumps-tariff-war-a-defensive-blueprint-for-the-eu/>).

culminated in the ‘Phase One Deal’ of 2020, under which Beijing committed to purchasing US goods and services worth \$200 billion within two years⁽²⁾. The administration had also pressured its partners to exclude Chinese technology from critical infrastructure, especially from 5G mobile networks⁽³⁾. Especially during the Covid pandemic, Trump ratcheted up his rhetoric against China, repeatedly referring to the ‘China virus’⁽⁴⁾.

In its first weeks back in the White House, the Trump administration underlined that China was not only the major source of the country’s trade deficit, but that Beijing had ‘not lived up to its commitments’ under the Phase One deal, which the administration pledged to enforce. Washington further accused Beijing of unfair trade practices, forced technology transfer and the theft of intellectual property⁽⁵⁾. In the following weeks, the Trump administration rolled out several rounds of tariffs on most Chinese goods, with the baseline tariffs peaking in April at no less than 145%. It also doubled down on targeted semiconductor export controls, most notably on AI-enabling Nvidia H20 chips – a

practice resembling the approach of the Biden administration.

Trump’s initial personnel appointments signalled continuity with his first-term China policy: Michael Waltz, Trump’s first national security advisor, his principal deputy Alex Wong, Secretary of State Marco Rubio and Undersecretary of Defense for Policy Elbridge Colby are just four examples of Trump picks that are all widely known to be China hawks.

China hawks – both Republicans and Democrats – see Europe as too slow and indecisive.

However initial signs of a hawkish containment strategy towards Beijing quickly dissipated. Vice President J.D. Vance’s speech at the Munich Security Conference demonstrated that not everyone in Washington views authoritarian China as the primary rival — some instead see liberal Europe as the adversary⁽⁶⁾. China hawks reportedly lost influence; Michael Waltz and Alex Wong were sacked⁽⁷⁾. Shortly thereafter Trump reversed the newly-introduced H20 chip export controls.

In June 2025, the US-China trade deal in Geneva led both sides to lift retaliatory measures, although they failed to address Trump’s original grievance: the US

(2) United States Trade Representative, ‘Economic and trade agreement between the government of the United States of America and the government of the People’s Republic of China. Text’, 15 January 2020 (https://ustr.gov/sites/default/files/files/agreements/phase%20one%20agreement/Economic_And_Trade_Agreement_Between_The_United_States_And_China_Text.pdf).

(3) Rühlig, T. and Björk, M., ‘What to make of the Huawei debate? 5G network security and technology dependency in Europe’, The Swedish Institute of International Affairs, January 2020 (www.ui.se/globalassets/ui.se-eng/publications/ui-publications/2020/ui-paper-no.-1-2020.pdf).

(4) ‘Trump defends using “Chinese Virus” label, ignoring growing criticism’, *New York Times*, 18 March 2021 (<https://www.nytimes.com/2020/03/18/us/politics/china-virus.html>).

(5) United States Trade Representative, ‘The President’s 2025 trade policy agenda’, 3 March 2025 (<https://ustr.gov/sites/default/files/files/reports/2025/President%20Trump's%202025%20Trade%20Policy%20Agenda.pdf>).

(6) ‘Speech by JD Vance’, Munich Security Conference, 14 February 2025 (https://securityconference.org/assets/02_Dokumente/01_Publikationen/2025/Selected_Key_Speeches_Vol._II/MSC_Speeches_2025_Vol2_Ansicht_gekürzt.pdf).

(7) ‘China hawks are losing influence in Trumpworld, despite the trade war’, *The Economist*, 15 April 2025 (<https://www.economist.com/china/2025/04/15/china-hawks-are-losing-influence-in-trumpworld-despite-the-trade-war>).

trade deficit⁽⁸⁾. China has shown greater staying power than the Trump administration. This fuels concerns in the EU that the Trump administration is not interested in tackling the unfair conditions of Chinese competition but aims to strike short-term trade deals that sideline Europe.

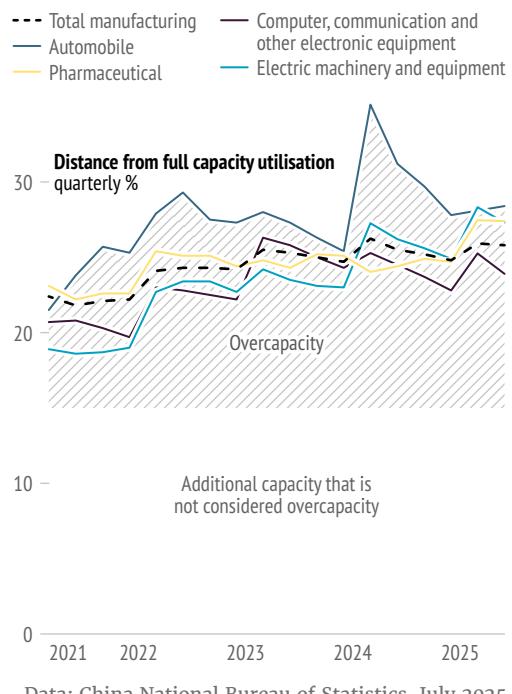
BETWEEN HURDLES AND SHARED CONCERNS

Anticipating a hawkish Trump 2.0 policy towards China, the EU proposed closer coordination with the US and other G7 partners on sectoral economic security standards. The aim was to counter Beijing's unfair trade practices, which have flooded world markets with heavily subsidised industrial overcapacity in sectors ranging from electric vehicles to batteries, solar panels and steel⁽⁹⁾.

But Washington showed little enthusiasm for developing a joint economic China policy with Europe. Although China occasionally featured in transatlantic trade talks, it remained only a minimal topic in EU-US negotiations and was not part of the EU-US trade deal concluded in late July 2025. Likewise, despite shared concerns about China weaponising its monopoly of heavy rare earth refinement, the Trump administration chose to negotiate a unilateral deal with Beijing

Chinese excess production has reached threatening levels

China's unused manufacturing capacity has been above the ideal rate of 15-20% for several years running, and across sectors



Data: China National Bureau of Statistics, July 2025

rather than coordinating with allies and partners.

Part of the reason may lie in the erratic nature of the Trump administration, which tends to prioritise unilateral action over international coordination. However, EU-US cooperation on China is also undermined by Washington's stance towards Russia. As part of Trump's inconsistent Russia policy, Secretary of State Rubio has floated the idea of a 'reverse Nixon', in which the US would attempt to draw Moscow away from Beijing in order

(8) Wiseman, P., 'US, China announce a trade agreement – again. Here's what it means', AP, 28 June 2025 (<https://apnews.com/article/trump-china-trade-tariffs-rare-earth-minerals-cbd2482bd2b3a7ce8d47030c4ff1c3d4>).

(9) Rühlig, T. and Teer, J. 'A new transatlantic trade and tech agenda: economic security standards can address the EU's and Washington's concerns about China', EUISS Commentary, 20 January 2025 (<https://www.iss.europa.eu/publications/commentary/new-transatlantic-trade-and-tech-agenda-economic-security-standards-can>).

to isolate China⁽¹⁰⁾. While such a strategy is unlikely to be successful, the discourse alone is strengthening Putin's negotiating position and thereby running counter to Europe's core security interests⁽¹¹⁾. The idea of driving a wedge between Moscow and Beijing thus further underscores the divergence between Europe and the US in their approaches to China.

The mistrust runs in both directions US China hawks – both Republicans and Democrats – see Europe as too slow and indecisive, and question how like-minded transatlantic partners really are.⁽¹²⁾ They suspect that Europe is failing to tackle industrial overcapacity decisively and is not de-risking from China with sufficient determination. Even when it comes to Russia, US officials in private conversations lament the lack of European sanctions against Chinese actors complicit in enabling Russia's aggression against Ukraine. Likewise former Biden administration officials express frustration over the time and effort spent coordinating with European counterparts, only to achieve limited results⁽¹³⁾. The suspicion lingers that Europe is more interested in preserving its lucrative commercial relations with China — even if that entails significant security risks.

Mutual distrust is getting in the way of common interests. The US and the EU share at least three sets of concerns *vis-à-vis* Beijing:

- 1. Reacting to Chinese overcapacities:** Preferential treatment of Chinese companies by the party-state, most notably through massive supply-side subsidies, continues to distort global markets. Not only is China's domestic demand exceptionally low but the Chinese economy is also more technologically advanced and thereby less complementary to those of the EU and the US. This threatens competitiveness, growth and jobs in both Europe and the US more than ever before.
- 2. Ensuring economic security:** Russia's war of aggression against Ukraine has exposed the dangers of Europe's over-reliance on Russian fossil fuels. China, however, is even more deeply embedded in global value chains, and both European and US dependencies on Chinese supply are complex. China has also shown a growing willingness to weaponise such dependencies against its adversaries. This underscores the need for the EU and the US to reduce their strategic vulnerabilities through de-risking.
- 3. Russia-China cooperation and Chinese power projection:** China is more assertive, if not outright belligerent, than ever before, both in Asia and as an enabler of Russian aggression in Europe. The People's Liberation Army now routinely crosses the median line in the Taiwan Strait. Beijing is providing economic, military and diplomatic resources to Russia, thereby

(10) Boyle, M., 'Exclusive — Rubio details how Trump going on offense against China's Belt and Road Initiative: "Big Story of 21st century U.S.-China relations"', Breitbart, 25 February 2025 (<https://www.breitbart.com/politics/2025/02/25/exclusive-rubio-details-trump-offense-china-belt-road-initiative/>).

(11) Rühlig, T., 'China: Reducing its calculated support for Russia', in: Ditrych, O. and Everts, S. (eds.), 'Unpowering Russia: How the EU can counter and undermine the Kremlin', *Chaillot Paper* no.186, EUISS, May 2025, pp. 18-25 (<https://www.iss.europa.eu/publications/chaillot-papers/unpowering-russia-how-eu-can-counter-and-undermine-kremlin>).

(12) 'U.S. urges Europe to raise disquiet over China-Russia defence ties', Reuters, 10 September 2024 (<https://www.reuters.com/world/us-urges-europe-raise-disquiet-over-china-russia-defence-ties-2024-09-10/>); Risch, J., 'One step forward, two steps back. A review of U.S.-Europe cooperation on China', The United States Senate Committee on Foreign Relations, July 2024 (www.foreign.senate.gov/imo/media/doc/risch_july_2024_one_step_forward_two_steps_back_a_review_of_useuropecooperationonchina.pdf).

(13) Anonymous author interviews with several former US officials, June 2025, Washington D.C.

undermining the European security order⁽¹⁴⁾. The US and the EU may not be fully aligned but they share concerns about China's expanding role in the region. In Washington, most Democrats and many Republicans in Congress view Beijing's alignment with Moscow with growing unease. This mirrors the position of the EU.

REBUILDING COOPERATION?

Trump's erratic China policy makes comprehensive coordination difficult to achieve. A common approach towards Beijing is unlikely to be a cornerstone of transatlantic policymaking. The EU should strictly focus on its own interests and not seek to use its China policy to 'please' Trump, as some observers suggest⁽¹⁵⁾. By default, the EU should assume that it will need to defend its interests *vis-à-vis* Beijing without Washington. Nonetheless, the EU should aim to convince the US that sectoral cooperation – where interests converge – can deliver tangible benefits to both sides:

1. **Chinese overcapacities:** China's advantages threaten European companies not only in their home markets but also in third countries. To tackle

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the scale of China's production, both the EU and the US need to create markets of scale⁽¹⁶⁾. The EU could renew previous attempts at sectoral coordination of regulation and tariff policy, while also seeking to cooperate with any country affected by Chinese overcapacity, including in the 'Plural South'. Brussels should reach out to Washington, proposing that the US join this initiative. If it did, the effort to create markets of scale would also generate new market opportunities for American companies.

2. **Economic security:** The EU's economic security policy has traditionally been country-agnostic, although many of its concerns centre on China⁽¹⁷⁾. Under the Trump administration, Europe also needs to reduce dependencies on the US. Nonetheless, tackling critical import dependencies *vis-à-vis* China, such as in the field of critical raw materials or Internet of Things (IoT) modules, requires incentivising private companies to build alternative supply chains. This, once again, largely depends on achieving scale and ensuring predictability of demand, which the EU should seek to develop with third countries. In parallel, the EU should invite the US to join this endeavour.
3. **China–Russia cooperation:** Despite its proclaimed 'limitless' friendship with Russia, China has responded to

(14) Caruso, A. and Rühlig, T., 'The dependence gap in Russia–China relations. Tracing where pragmatism ends and geopolitical signalling begins', EUISS, 2 October 2025 (<https://www.iss.europa.eu/publications/analysis/dependence-gap-russia-china-relations>).

(15) 'Facing Trump's tariff war: a defensive blueprint for the EU', op. cit.

(16) Campbell, K. and Doshi, R., 'Underestimating China: Why America needs a new strategy of allied scale to offset Beijing's enduring advantages', *Foreign Affairs*, 10 April 2025 (<https://www.foreignaffairs.com/china/underestimating-china>).

(17) European Commission, 'Speech by President von der Leyen on EU–China relations to the Mercator Institute for China Studies and the European Policy Centre', 30 March 2023 (https://ec.europa.eu/commission/presscorner/detail/hu/speech_23_2063).

sanctions. Where these have imposed a significant cost on its economy, Chinese exports to Russia have declined⁽¹⁸⁾. The EU on its own exerts some, although limited, leverage. In this field more than in the two others, Europe depends on the US. In the absence of a reliable partnership with the White House, the EU should seek closer engagement with like-minded members of Congress on this matter. The closer the US gets to the mid-term elections, the more members of Congress concerned about their re-election may be inclined to take their own initiatives – especially if the President's approval ratings fall amid mounting economic challenges.

In all three sectors of concern, transatlantic cooperation would benefit both sides. The EU should remain open to co-ordination with the White House while also strengthening partnerships with trusted allies elsewhere in the world as well as within Washington.

(18) ‘The dependence gap in Russia–China relations’, op. cit.