



## BRAVE NEW WORLD – THE FUTURE OF CHINA-US RELATIONS

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China, US, trade, security, autonomy.

## EXECUTIVE SUMMARY

The US's diminished leverage and Beijing's reticence to engage an erratic US president mean that a new trade deal will likely take longer than in Donald Trump's first administration, if it materializes at all. Prolonged trade tensions are unlikely to spiral into a security crisis in the Pacific. Both sides have economic priorities, US allies and partners lose trust in Washington, and Beijing will be loath to upset a trend towards a more accommodating region. The US-China trade and technology war will challenge the EU and its member states more than before but also provide Europe with leverage as the US and China gradually lose their economic partnership.

## INSIGHTS

### **EXPECT THINGS TO GET WORSE:**

Rerouted Chinese exports that are no longer going to the US will challenge European industries more than during the first Trump and Biden administrations, will affect industries that are higher up the value chain, and will likely lead to new EU-China trade disputes.

### **BE CONFIDENT ABOUT EUROPEAN LEVERAGE:**

Reticence to compromise on both sides will accelerate US-China decoupling, increase their respective reliance on Europe as an economic partner, and strengthen the EU's hand in negotiations.

### **ACCELERATE EFFORTS TOWARDS OPEN STRATEGIC AUTONOMY:**

Difficult negotiations with both Beijing and Washington should incentivize the EU to redouble efforts towards enhancing self-sufficiency and diversifying external economic relations. These efforts should include new trade agreements (e.g. with Southeast Asian and Latin American states), targeted investment and export guarantees, and a new level of diplomatic attention to African states and India.

## ZUSAMMENFASSUNG

Die verringerte Verhandlungsmacht der USA und Beijings Zurückhaltung bei persönlichen Treffen mit einem unberechenbaren US-Präsidenten bedeuten, dass ein neues Handelsabkommen wahrscheinlich länger dauern wird als in der ersten Amtszeit von Donald Trump, falls es überhaupt zustande kommt. Lange anhaltende Handelsspannungen werden wahrscheinlich nicht zu einer Sicherheitskrise im Pazifikraum führen. Beide Seiten haben wirtschaftliche Prioritäten, die Verbündeten und Partner der USA verlieren das Vertrauen in Washington, und Beijing wird zögern, eine Entwicklung hin zu einer in seine Richtung tendierenden Region zu untergraben. Der Handels- und Technologiekrieg zwischen den USA und China wird die EU und ihre Mitgliedstaaten stärker herausfordern als zuvor, bietet Europa aber auch eine stärkere Verhandlungsposition, da die USA und China sich schrittweise als Wirtschaftspartner verlieren.

## WESENTLICHE EMPFEHLUNGEN

### **DER US-CHINA HANDELSKONFLIKT WIRD EUROPA NOCH STÄRKER HERAUSFORDERN:**

Umgeleitete chinesische Exporte, die nicht mehr in die USA gehen, werden die europäischen Industrien stärker herausfordern als während der ersten Trump und der Biden Administration. Das wird Industrien betreffen, die weiter oben in der Wertschöpfungskette angesiedelt sind, und wahrscheinlich zu neuen Handelsstreitigkeiten zwischen der EU und China führen.

### **EUROPÄISCHE ENTSCHEIDUNGSTRÄGER SOLLTEN SELBSTBEWUSST VERHANDELN:**

Die beiderseitige Zurückhaltung bei Kompromissen wird die Entkopplung zwischen den USA und China beschleunigen, ihre jeweilige Abhängigkeit von Europa als Wirtschaftspartner erhöhen und die Verhandlungsposition der EU stärken.

### **DIE EU MUSS BEMÜHUNGEN IN RICHTUNG OFFENER STRATEGISCHER AUTONOMIE BESCHLEUNIGEN:**

Schwierige Verhandlungen mit Beijing und Washington sollten die EU zu noch stärkeren Anstrengungen bei der Reduktion der Abhängigkeit von Drittstaaten und der Diversifizierung ihrer externen Wirtschaftsbeziehungen anregen. Diese Bemühungen sollten neue Handelsabkommen (z.B. mit südostasiatischen und lateinamerikanischen Staaten), gezielte Investitions- und Exportgarantien sowie einen neuen Grad an diplomatischer Aufmerksamkeit gegenüber afrikanischen Staaten und Indien umfassen.



## INTRODUCTION

China's confidence in its ability to outcompete the US in comprehensive national power has been reinforced by the second election of Donald Trump (2024), just like it was by his first election victory (2016) and by the global economic crisis (2008) (cf. Wu X. 2025; Doshi 2021:261-264; Christensen 2015:242-245). In service to this overriding goal of China's grand strategy, it seeks to further ascend in influence and power in diplomatic, economic and security terms.

The Chinese government finds new opportunities to accelerate its strategy due to the second Trump Administration's policies. In the realm of diplomacy and multilateralism, China aims to lead reforms of global order (People.cn 2017). It will now lean in to fill the void and expand global diplomatic influence, as the US retreats from the multilateral stage (e.g. leaving the WHO, UN Human Rights Council, UNRWA, Paris Climate Agreement, and likely UNESCO) and disengages from multiple regions (cf. Matthews 2024; White House 2025a; White House 2025b; White House 2025c). In doing so, China paints itself as a 'responsible great power,' in supposed stark contrast to the US (FMPRC 2025); a 'responsible great power' that claims to be delivering a new order with greater security, prosperity and respect for developing countries (FMPRC 2023). This argument is likely to gain further traction as the US mostly ends development cooperation, integrating the US Agency for International Development fully under the State Department and letting go all of its up to 10,000 employees except for 15 legally required positions (Demirjian 2025).

“*The Western-centered world order dominated by the US has made great contributions to human progress and economic growth. But those contributions lie in the past.*”<sup>1</sup>

Fu Ying, Chairperson of the National People's Congress Foreign Affairs Committee, 2016.

China will use the US's new protectionism, with President Trump marketing massive new April 2025 tariffs on imports from (almost) all countries as 'liberation day', to improve its own intended image as a 'free trader' and profit from increased trade with all countries in trade disputes with the US (Ferreira-Santos and Walker 2025; Grantham-Philips 2025; Polk 2024; FMPRC 2023). As for security, Beijing will reach out to countries threatened or deserted by Washington and seek to improve ties. Issues here range from health and food security as the US largely ends development cooperation to direct threats to sovereignty.

In this context of great opportunity for China's relations with countries worldwide, the question arises as to how Beijing will handle the US and approach the second Trump Administration. This bilateral relationship has been at the forefront of Chinese strategic thinking since the early 1970s. China first turned to the US out of anxiety over a possible Soviet invasion or nuclear attack, and then as an indispensable partner in Chinese economic reforms and growth all the way through China's accession to the WTO in 2001. During the US's post-Cold War unipolar moment and China's seemingly inexorable economic

1 Fu, Y. (2016, January 6), The US World order is a suit that no longer fits. FT. <https://www.ft.com/content/c09cbcb6-b3cb-11e5-b147-e5e5bba42e51>

rise, a rivalry developed. Beijing adopted a more assertive foreign policy after the 2008 economic crisis, and the US began to shift its focus to Asia to retain its power position. The onset of the US-China trade and technology war in 2018 accelerated the souring of ties, and stabilization only appeared to be possible towards the end of the Biden Administration (Rapporteur 2024). This policy analysis will draw on China's 1) expert debates, 2) economic data, as well as 3) government documents and opinion polls, as different lenses to assess China's likely policy responses to the second Trump administration and the likely short- to medium-term trajectory of the bilateral relationship. The concluding section will further address implications for the EU and provide recommendations.

### CHINA'S SCHOLARS PROJECT CONFIDENCE & THINK THE US WILL BLINK FIRST

Academics and think tankers (as well as the media) in China focus intensely on the US and its politics to understand China's external environment, because no other country can have a comparable impact (cf. Xie 2025). This has been the case for decades, and centres, units or programs on the US at Chinese universities' political science departments and think tanks abound. Discussions and analyses obsess about the impact of election outcomes, go into the minutiae of individual politicians' impact, but retain a broader (mostly realist) IR lens.

Most Chinese experts remain pessimistic about relations with the US, seeing a high degree of continuity from the first Trump administration through the

Biden presidency to the second Trump administration. As reasons for their pessimism, they cite supposed US attempts to 'contain' China through higher tariffs (Wu X. 2025), continued US 'pursuit of global primacy' (Xie 2025), its 'anxiety about China's rise' and willingness to pay a price to delay that rise (Wang 2025), the 'bipartisan consensus (...) to take a tough approach to China' (Xue and Zhang 2025) and 'identity opposition' between the US and Chinese systems (Wu H. 2025a).

Scholars expect the US approach to change, though, as its focus shifts from national security to the economy and from technology to tariffs, while the new administration may be less interested in dialogue and less cautious in its actions (Wu X. 2025). Some argue that relations will deteriorate further due to the appointment of perceived 'China hawks' Mike Waltz and Marco Rubio as National Security Advisor and Secretary of State (Jia 2024), the shift from Joe Biden's approach of 'comprehensive competition [allowing for] limited cooperation' to Donald Trump's 'extreme economic pressure' (Sun L. 2025). So-called 'reciprocal tariffs' were one discussed risk, others were the cancelling of permanent normal trading relations, and the application of pressure on third countries like Vietnam to convince them to apply tariffs against China (Sun L. 2025) – soon after the US indeed announced a 46 percent tariff on imports from Vietnam (Repko and Fonrouge 2025).

Some Chinese scholars are optimistic about ties with the US, building mostly on the supposed pragmatic transactionalism of President Trump. They remind of Vice President Han Zheng attending

Trump's inauguration (the highest-ranking representative of the People's Republic of China to do so since the establishment of diplomatic relations) (He 2025) and think that the US president is flexible and can be 'manipulated, managed, and leveraged' (Xie 2025). They expect the two countries to eventually get to key economic framework agreements, after an 'intensified game' where the US negotiates 'through tariff intimidation' but does not necessarily implement what it threatens (Zhang 2025). They see hope for President Trump to eventually side with the 'pragmatic faction' (Treasury Secretary Bessent and Commerce Secretary Lutnick) of his cabinet instead of the 'hawkish' faction (Waltz and Rubio) and MAGA faction (Vice President Vance) (Zhang 2025), and point to strong US dependence on China in certain product categories as ensuring trade in such products even if tariffs are applied (He 2025). Eventually, some Chinese scholars assess, the boom-and-bust cycle of the US economy will let the political pendulum swing back to the Democrats and more liberal external economic policies will anyway return (Zhang and Liu 2025:5, 25).

Scholars seeking to inform strategic assessment in Beijing recommend reducing dependence on the US while reaching out to potentially amenable interest groups there and improving ties with countries harmed by US policy shifts. Domestically, they advocate for consumption-side stimulus to decrease export-dependence, simplified FDI approval, improved resilience of supply chains, and further efforts towards technological autonomy and innovation (Xie 2025; Wang 2025; Sun C. 2025). Regarding the US, scholars hope for friendly signals to local governments, the financial sector,

and the scientific community (Xie 2025), and more crisis management mechanisms, strategic dialogues and clarified 'red lines' to avoid economic conflict developing into a security crisis (Sun L. 2025; Wang 2025; Zhang 2025). They mainly bet on head of state diplomacy, being confident in direct Xi-Trump exchanges steering the US administration away from letting hawks in the security team dominate the agenda and towards trade, investment and technology framework agreements (Wang 2025; Zhang 2025).

In a world that is less multilateral and more uncertain, Chinese scholars expect the US to be increasingly isolated as relations with its European and Asian allies grow strained, and its global influence wanes (Wu X. 2025; Xie 2025; Yan 2024). They recommend a renewed push for strengthened relations with those US allies who disagree with it on trade, climate change, green development and other issues to break 'alliance containment' of China, as well as the increased use of multilateral forums and treaty-making to enhance China's image (Wang 2025; Sun C. 2025). The overall expectation is for the China-led new world order to emerge more quickly due to Donald Trump's second presidential administration (Wu X. 2025).

Chinese scholarly debates project confidence that China can weather what the second Trump administration will throw at it, that the US side will eventually want to make a deal, and that head of state diplomacy will lead to a favourable outcome. Obviously, scholars operate within a certain bandwidth of tolerated discourse, to a degree must project confidence (and certainly about the leadership), but the above discussions

reflect broadly held convictions. First, that US power is declining. Second, that China's power is rising. Third, that China must diversify its international ties and rely on broad based acceptance for sustainable great power status.

### **CHINA'S ECONOMIC DEPENDENCE ON THE US HAS DECLINED & US LEVERAGE AND PROSPECTS ON REDUCING THE TRADE DEFICIT ARE QUESTIONABLE**

Despite the long-standing US-China trade and technology war, the bilateral economic relationship was still deep and substantial in early 2025. In January/February 2025 the US remained China's number three trade, export and import partner after the (only loosely integrated) Association of Southeast Asian Nations (ASEAN) and the EU (General Administration of Customs 2025a). Meanwhile, China was the US's fourth largest goods trade partner in 2024 (582.5 billion dollars), after the EU, Mexico and Canada, its number four export market (143.5 billion dollars), and number three import partner (438.9 billion dollars) (Congressional Research Service 2025). The goods trade volume declined from 655.7 billion dollars in the Biden administration's first year (2021), and 635.2 billion dollars in the first Trump administration's first year (2017) (US Census Bureau 2025). Trade somewhat declined during Trump I, went up during the pandemic, and then again declined a bit under President Biden, but overall, it remained resilient.

During his first administration, President Trump failed to accomplish his main declared goal for the trade war with China:

drastically reduce the US trade deficit by exerting tariff pressure and securing a favourable deal. The trade deficit was 346.8 billion dollars before Trump came into office (2016), 375.2 billion dollars in his first year (2017), and 308 billion dollars at the end of his first term (2020). During the COVID-19 pandemic the trade deficit rose again under the Biden administration to a peak of 382.1 billion dollars in 2022 and then declined to 295.4 billion dollars in 2024 (US Census Bureau 2025). After adopting a series of tariffs on imports from China, Trump had signed a trade deal with Beijing in 2020, committing China to purchasing an additional 200 billion dollars in US exports to offset the US trade deficit. In the end, China bought none of these additional US exports; the number for US combined goods and services exports to China did not really move, and US manufactured goods exporters of e.g. autos and aircraft were hit hard by the trade war (Bown 2022). Economists project that China's imports from the US would have been about 19 percent higher, had the Trump administration not engaged in the tariff-focused trade war and gone without the 2020 trade deal (Bown 2022).

The second Trump administration appears to aim for better results by doing the same thing more radically but is projected to hurt its own economy most. The US (in three steps) imposed a 54 percent tariff on all goods imports from China before Beijing retaliated strongly and then doubled down repeatedly to have China face a combined tariff rate of 145% (Stevenson 2025; Wile 2025; Wu H. 2025b). China had responded with moderation to the second Trump administration's initial tariffs. The US's April 2025 return to an overall average effective tariff rate not seen since 1909 (25.3%),



which sent shock waves through the global economy, eventually drew a sharp Chinese response that still, however, left room for negotiation and de-escalation (Polk 2025b; Stevenson 2025; The Budget Lab 2025; Wu H. 2025b). Beijing matched Washington's first major April tariff hike to get to a 34% rate for US goods exports to China, but then also repeatedly followed up on further US steps to get to a 125% tariff on US imports. China also restricted the import of certain agricultural goods like sorghum and chicken, introduced licensing requirements for the export of several rare earth metals, added US companies to its Control List for dual-use exports and its Unreliable Entities List for restricting business in China, and launched anti-monopoly and anti-dumping probes against US firms. After a bond market selloff that let US 10-year treasury yields spike, i.e. investor loss of trust in the US as a safe haven for their assets, the Trump administration exempted key Chinese imports (e.g. smartphones and computers) from the new tariffs not even two weeks into April (Halpert 2025).

While it remains unclear how far the tariff escalation will go, Yale University's Budget Lab and Australia's Victoria University both calculated that the US will suffer more than its major trade partners (except Canada) in short- and long-run real GDP level decreases due to record US tariffs (The Budget Lab 2025; Giesecke and Waschik 2025) – since then the US reduced tariffs against all countries except China back to 10% for a '90-day pause', which still marks a historic high (Pandey 2025).

The new tariff spiral will likely reduce US-China trade volumes substantially, but eliminating the US's trade deficit with

China may be even more difficult than during the first Trump administration. China's economy depends less on exports to the US, undermining US leverage to pressure it into buying more US goods. As an export market for China, the US fell in importance (from 19.23% of exports in 2018 to 14.68% in 2024) and the overall exposure of the Chinese economy to the US has been steadily declining (Kennedy, Mazzocco and Featherston 2025; Pinheiro de Matos 2024). Meanwhile, the US has substantial dependencies on imports from China (Chimits 2024), which will lead to purchases even at exorbitant prices and complicate reducing import value. At the same time, the US cuts off its own path to diversification by imposing higher tariffs on all countries and shattering trust in these economic relationships. Lastly, the Chinese leadership appears more hesitant to engage in top-level negotiations, which portends a longer lasting escalation phase (Polk 2025a), i.e. another trade deal, if that should still be the goal, will be harder to achieve.

Considering the second Trump administration's approach to and further ideas for the trade war, its diminished leverage, and China's reticence to engage, a new bilateral deal will likely take longer than under Trump I or will not materialize at all. Aiming at a revitalized US shipbuilding industry, the US Trade Representative e.g. proposed to exact exorbitant fees for US port calls except where vessel operators are not based in China, do not have more than 25% China-built ships in their fleet, and no new orders from Chinese shipyards (Baertlein and Lawder 2025). Since China has a more than 50% share in the global shipbuilding market, supply chain chaos and further rounds in the trade dispute between the

US, China, but also Mexico and Canada (whose ports vessel operators may shift to) are likely. The White House's emphasis may this time be in fact more on decoupling the two economies than on a new trade deal. Meanwhile, domestic pressure on the Chinese leadership to be perceived as strong towards the US may be higher than in 2018 after seven years of trade and technology war and diplomatic confrontation, which indicates hardened fronts on both sides of potential future talks.

### **CHINA'S LEADERSHIP SHIFTS FOCUS TO ECONOMIC MATTERS, WHILE US PARTNERS IN EAST ASIA INCREASINGLY DISTRUST WASHINGTON AND MAY GROW MORE ACCOMMODATING TO BEIJING**

The Chinese leadership appears focused on defending its positions and the status quo, and State Council white papers published in 2025 confirm that focus (State Council Information Office 2025a). Beijing used one of three policy papers to tout its efforts in controlling substances related to the drug fentanyl, one to praise its human rights record, and one to discuss US-China trade relations. All three papers are geared at addressing US criticism, convincing an international audience of China's good faith efforts, and framing continuing engagement with China on a similar level – including on trade – as beneficial for others, most importantly the US. There have not been any new white papers on security issues, territories the People's Republic of China does not currently control, or the US presence in the Western Pacific. Beijing needs to focus on the economy due to the second

Trump administration's tariff hikes, but it also had economic worries already front and centre before the US elections.

While China expects gradual decoupling from the US, it aims to draw out the process to keep profiting from bilateral economic ties. Its white paper released April 9th, 2025, makes another pitch to the US side (State Council Information Office 2025b). It frames China as the key growth market for US goods exports central to Donald Trump's economic proposition and coalition of supporters: agricultural products, coal, liquefied natural gas, automobiles, and products from the IT sector. It paints China as the biggest contributor to the US's overall trade surplus in services and key US services exports growth market with an expanding Chinese deficit. The white paper argues that US companies' local sales in China outmatch Chinese companies' local sales in the US in a way that fully makes up for the US's bilateral trade deficit. Finally, China claims to have 'scrupulously honoured' the trade agreement with the first Trump administration on intellectual property and technology transfer issues, market access, a stable exchange rate, and expanding imports. The paper displays concerns about the US no longer granting China most-favoured-nation treatment and ending duty-free treatment for low value shipments (de minimis policy). It calls for renewed dialogue and may be read as part of an effort to climb down the escalation ladder or at least create that impression.

Meanwhile, the new presidential administration has shifted US energies in the Indo-Pacific to economic matters. A list of White House documents and statements under the second Trump administration

that reference 'China' shows this economic focus (White House 2025). Even a factsheet on how 'America's Maritime Dominance' is to be restored, is mostly about the ship-building industry. The US's April 2025 tariff hikes also targeted US allies and partners in the Western Pacific, including the Republic of China (Taiwan). All polities were to be pressed into negotiations with Washington aiming for economic relations more beneficial to the US. At the same time, the US's reaction to significant Chinese military exercises around Taiwan was mild (State Department 2025), the administration emphasizes upholding the status quo in the Taiwan Straits and does not appear to focus on weapons sales or other support measures for Taipei. The Trump administration is not interested in any new grants or aid, including for the Philippine military, and wants additional payments from South Korea and Japan for US bases there as part of respective alliances. While President Trump ratchets up economic escalation with China, he appears to favour calm on the security side.

With opinion polling showing publics in allied and partner countries no longer trust the US, war may be a completely unnecessary tool and risk for China to achieve regional hegemony. Most South Koreans no longer trust the US to respond in kind, should North Korea attack South Korea with a nuclear weapon (Bennett 2024), and Japanese citizens' trust in the US protecting Japan's defence interests is declining (Matsumura, Tago and Grieco 2023). These publics are also increasingly considering nuclear armament to ensure their own defence, but if China takes steps to assuage their concerns (including about North Korea and Russia), it may be more likely that they

grow more accommodating to China. Trade ministers from China, Japan and South Korea on 30 March 2025 already had their first trilateral meeting in five years, vowing to accelerate negotiations on a trilateral FTA and support for the WTO to meet new challenges, all in the context of a series of new US tariffs (Tang 2025). Assuaging regional countries' concerns also involves not going to war in the Taiwan Straits. Opinion polling reveals that the Taiwanese public's trust in the US was already trending downward (Cave and Chien 2024) and has been further undermined by how the second Trump administration *inter alia* has handled talks on the Russia-Ukraine War (Lee 2025). It is unlikely that President William Lai would act to upset the status quo by moving towards permanent separation under such circumstances, and the opposition majority in the Legislative Yuan will likely push for warming cross-straits ties. Overly assertive actions by Beijing would undermine a trend in its favour.

While US and Chinese attention is concentrated on their trade conflict but also limiting their respective economic woes, kinetic conflict in the Pacific is unlikely. Beijing further aims to convince developing countries, but also regional countries, the EU, and the international community overall, that it is a good faith actor and better partner than the US. It retains pressure on Taipei and Manila e.g. through military exercises and coast guard action, but escalation could fundamentally undermine China's intended image and diplomatic influence (as well as growth and innovation targets). The US retains its Pacific alliances and strategic ambiguity on the Taiwan Straits, but opinion polls show regional publics do not believe that the second Trump administration is

truly committed to its partners and would confront a strong opponent. The likely effect is a region trending towards a more China-led order without military conflict.

### **A PROLONGED US-CHINA TRADE WAR WILL CHALLENGE THE EU MORE THAN BEFORE & EUROPEAN DECISION-MAKERS SHOULD ACCELERATE EFFORTS TOWARDS OPEN STRATEGIC AUTONOMY**

A prolonged and intensified US-China trade war is rendered more likely by China's confidence and diminished US leverage, while the Trump administration remains committed to new tariff and other protectionist policies. Chinese expert communities that inform strategic assessment are convinced that Washington will eventually want to strike a deal, and that China can hold out until then. In the meantime, they recommend reducing dependencies on and vulnerabilities towards the US, including by further stimulating consumer spending through demand-side reforms and by diversifying external economic relations away from the US. The Chinese economy's exposure to the US has considerably declined since the first Trump administration, and the latter had not been successful in addressing the US's trade deficit with China. Both the US's leverage to pressure China and prospects to reduce the trade deficit instead of just drawing down trade volumes on both sides are questionable. Meanwhile, Washington is severely diminishing its negotiating position by concurrently starting trade standoffs with most countries worldwide.

A major escalation of the security situation in the Western Pacific appears less likely,

as both Washington and Beijing shift focus to the economy, and opinion polls point to US partners in the region losing trust in the US. These partners are unlikely to risk an escalation and could very well grow more accommodating to China. Should China in turn escalate the situation, it would undermine this trend in its favour and its intended image among developing countries as peaceful, its global diplomatic influence, and its quest for sustainable great power status.

The EU and its member states need to expect a greater challenge through the US-China trade war than during the first Trump administration. Chinese exporters will reroute goods to Europe due to massive US tariff hikes on China; goods that are ever higher up the value chain and will challenge key European industries like the automobile sector. Safeguard or other trade protection measures by the European side are likely and so are ensuing trade disputes with China. At the same time, EU-US tariff negotiations will likely prove more intractable than during the first Trump administration, and Washington will exert more pressure to obtain policy alignment on a broad array of issue areas, including China. Meanwhile, both the US and China will rely more on the European economy, if they gradually lose each other as economic partners, which should give the European side leverage and warrant confidence.

Dependencies and vulnerabilities that inhibit the EU and its member states from making and implementing their own policy decisions will have to be reduced more urgently. These redoubled efforts should include further incentives for diversification in external economic relations, such as new EU trade agreements (e.g. with

further ASEAN and Latin American countries) and the targeted use of investment and export guarantees. They should also include concerted diplomatic outreach to other polities threatened by the US-China trade war and interested in upholding the WTO, e.g. seeing EU foreign ministers and the High Representative planning annual extensive visits to an alternating group of African countries and India. A sustained and reliable commitment to international trade law and multilateral cooperation should continually bolster Europe's appeal as the new safe haven for global assets.



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