
THE EU-CHINA TRADE WAR: WHAT IF BEIJING HITS BACK?

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A strategy centred on escalation risks triggering a tit-for-tat trade war in which Europe is especially vulnerable.

EU leaders are increasingly sounding the alarm over Chinas dominance of green tech and its state-backed industrial model. As Brussels searches for ways to protect Europes industrial base, the temptation is to strike hard in response, through the use of aggressive trade measures and an expansion of the EUs trade-defence and industrial-policy toolbox.

But an aggressive response risks provoking retaliation from the EUs second-largest trading partner. That tension was evident at the June European Council summit, where leaders sounded alarm about global macroeconomic imbalances but stopped short of endorsing a more confrontational approach.

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