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How China is de-risking better than Europe

by Jeremy Garlick



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KEY TAKEAWAYS

-  The concept of de-risking, which above all refers to the need to address over-reliance on China, was introduced in 2023 in a speech by EU President Ursula von der Leyen.
-  However, like decoupling, which was introduced in the U.S. in 2018, the introduction of the term 'de-risking' has not led to consensus concerning a clear strategy for addressing potential risks emanating from economic and political relations with China.
-  In contrast, although without using the term de-risking, since 2018 China has been steadily diversifying its markets and resource suppliers more intensively in order to decrease dependence on Europe and the U.S.
-  Beijing has also been expanding its influence in the Global South through Belt and Road investments, as well as a range of other economic and diplomatic tools.
-  China has therefore implemented de-risking more successfully than Europe, which is still reliant on key imports from single dominant suppliers.
-  The EU would benefit from studying what China has done and implementing a similar programme of 'comprehensive security' to enhance European resilience to global shocks.

Keywords

De-risking

Decoupling

Energy Security

Diversification

*Comprehensive
National Security*

*Belt and Road
Initiative*



Introduction

The idea of 'de-risking' economic and diplomatic relations with China was introduced by European Union President Ursula von der Leyen in a speech in March 2023. [1] The term was apparently intended to be a European alternative to the US 'decoupling' debate which began around 2018 in Washington, D.C. during the first Trump administration. [2] The EU President's intention appears to have been to present 'de-risking' as a slightly softer alternative to the drastic-sounding term 'decoupling.' Instead of trying to completely cut economic and political ties with China (which is clearly not possible given contemporary patterns of globalisation and economic interdependence which rely heavily on Chinese manufacturing), the aim was, according to von der Leyen, to eliminate certain specific areas of risk. For instance, in her speech von der Leyen mentioned rare earths, 5G internet, quantum computing, artificial intelligence, and biotech as sensitive areas in which there was – or might be – too much dependence on China. [3] However, although she outlined some core strategies in a general sense, she did not offer precise examples of how exposure to China was to be limited.

Both debates, decoupling in the US and de-risking in the EU, stemmed from the perception that economic interdependence with the People's Republic of China (PRC) was detrimental to the economic and even political well-being of the political entity whose elites were discussing the concepts. Activities considered problematic included the use of Confucius Institutes to influence debates in Europe or the access of Chinese scholars to technological innovations in sensitive areas, as a 2024 EuroHub4Sino paper pointed out. [4] However, among Chinese experts there was confusion as to what the precise difference between the two terms decoupling

and de-risking might be, amid discussion about how exactly China could be considered a risk to the US and the EU. [5]

Be that as it may, 'de-risking' became a buzzword in Brussels just as 'decoupling' had several years previously in Washington. Discussions about how exactly to limit the supposed damage from links with China ensued and continued into 2024. In the EU, numerous workshops and conferences were held prioritising discussions of the term, including one as part of the EuroHub4Sino project. However, looking at this question from the perspective of early 2026 reveals a lack of progress in some areas in moving beyond rather vague rhetoric into the realm of specific, clear strategy. Where action to reduce reliance on external suppliers has been taken, outcomes have tended to be sub-optimal, as in the cases of the chipmaker Nexperia and imports of Russian liquid natural gas (LNG) – of which more below. The reasons for the failure to de-risk are complex, but – as is common with the EU – broadly involve lack of clear consensus, an inability to coordinate policy effectively, and slowness in developing coherent strategy.

At the same time, while avoiding the word 'de-risking', the Chinese Communist Party (CCP) has, since the 1990s but intensifying since the first Trump presidency, taken incremental and coordinated steps to reduce exposure to external uncertainties. For instance, in a speech in April 2020 President Xi Jinping introduced the concept of 'dual circulation', which aims to decrease dependence on external markets by developing the Chinese domestic market. [6] At the same time, Beijing seeks to reduce China's reliance on – or at least exposure to risks arising from – high volumes of exports to the US and the EU, as a 2025 EuroHub4Sino paper demonstrated. [7] The 2021 decision of the Biden administration in 2021 to expand the number of blacklisted Chinese companies in which U.S. companies and individuals were not permitted to invest [8] caused Beijing to redouble its efforts on these fronts. Meanwhile, in a continuation of policies initiated under Xi's predecessors, China continues to diversify sources of key fossil fuels such as oil and natural gas. In essence, China has arguably been more successful than the EU at implementing a coordinated approach akin to de-risking, even if that is not the word that has been used by the Chinese government.

This paper outlines the consequences of the EU's inability to de-risk and, in contrast, the relatively more successful and ongoing application of diversification and risk reduction by the Chinese government which has arguably made China more resilient to global shocks. Importantly for China, examples of such 'black swans' – unexpected events which can nevertheless be anticipated to arrive sooner or later [9] – include the first Trump administration's trade war, the Biden administration's decision to impose restrictions on exports of high-tech products to China, [10] and the second Trump administration's use of tariffs as a tool of economic statecraft. The aim is to understand the European origins of de-risking, the EU's problems with implementation, and what can be learnt from China's more coordinated strategies for mitigating risks. The main point is to understand and learn from the Chinese experience rather than to discuss how de-risking can be applied to EU policy on China.

European versus Chinese strategy on de-risking

A clear case of a European failure to de-risk and its subsequent negative consequences emerged as a result of the action by the Dutch government to seize control of the chipmaker Nexperia in late 2025. Nexperia, a manufacturer of semiconductors located in the Netherlands, is a subsidiary of Wingtech Technology, which is part-owned by the Chinese state. The company supplies chips to many automakers in the EU. The Dutch action to take control of Nexperia prompted the Chinese government to block exports of finished chips to Europe, resulting in a supply crisis and causing car manufacturers to cut production forecasts. [11] The case represents a clear case of the need to ensure that single external suppliers such as China do not dominate key European industries by establishing alternative supply chains. Yet despite the fact that this key weakness must have been known to insiders, no action was taken to de-risk between 2023 and 2025, when the attempt to extract the company from Chinese hands failed. Even after the latest crisis, there is still no clear strategy. [12]

Natural gas is another area where the EU has long been at risk of being over-dependent on imports from one country which may not be an ally or reliable and which may unexpectedly cut off supplies or raise costs. Of course, the supplier in this case is not China. However, the EU's failure to de-risk can be unfavourably compared to long-term Chinese policy in this area. China obtains natural gas from Central Asia and Russia via pipelines, but also, in the form of liquid natural gas (LNG) from countries such as Qatar and Australia. [13] As with oil imports, the CCP has ensured, ever since China first became a net importer of oil in the mid-1990s, that it is not dependent on one supplier.

Europe's dependence on imports from Russia via pipelines through Ukraine has long been an issue. In 2006 and 2009, for instance, Moscow turned off the taps and European supplies were drastically affected. [14] In January 2026, it was reported that the EU had managed to reduce imports of Russian gas to a minimum, but that it had replaced them with dependency on imports of US gas. [15] In other words, the question of dependency on one supplier was not solved, but displaced to a different supplier. This meant that the EU had failed to de-risk its natural gas imports, which now gave the US increased leverage rather than Russia. At the same time, there was a turn away from nuclear energy in Germany, compounding the problem. The EU's continued vulnerability on energy stands in sharp contrast to Chinese policy both in diversifying fossil fuel suppliers to the maximum extent possible and in making massive strides in developing renewable and nuclear energy production domestically.

The EU has vulnerabilities to China in a number of areas. The trade balance with China is deeply negative, with imports far exceeding exports in almost every EU country. [16] China has been accused by the European Commission of dumping goods such as solar panels in the EU. [17] China has also been accused of stealing technologies and scientific innovations from Europe by various means. Espionage has been an issue, as has the role of Confucius Institutes, many of which have been located at universities. Europe is now being flooded with cheap, apparently unregulated imports from Temu, Shein and other Chinese platforms. TikTok has

gained a significant share in the European social media market, raising possible information security concerns, but seemingly (in contrast with the response in the U.S. and Australia) without any significant challenge from Brussels. In short, the EU has been manifestly slow to de-risk economic links with the PRC despite the increased awareness since 2023 that it should do so. This is in marked contrast to China, which has already been diversifying its energy suppliers and markets for several decades, and has taken further steps during the Xi administration.

In partial mitigation, it needs to be stated that there is a diversity of interests within the EU. Perceptions of external risks can vary significantly depending on sectoral and economic interests. For instance, the European automobile and chemical industries tend to favour continued engagement with China, arguing that reduced exposure could limit their access to technological innovation, not to mention affecting their sales. By contrast, actors concerned primarily with competition or security often advocate for lower levels of economic interdependence. These diverging interests might explain, to an extent, the slow progress in strategy formulation and policy implementation. Such issues are not easy to solve, but still demand solutions. Some possibilities may be found by studying the Chinese approach to de-risking.

China's holistic national security strategy

The PRC's strategy of reducing risk to the Chinese economy by diversifying suppliers and markets as much as possible long precedes the advent of de-risking. China's approach can be traced back to the mid-1990s, when the government realised that China was no longer energy self-sufficient and had to rely on imports of oil and other commodities. A policy was adopted of reducing exposure to shocks by seeking to import oil from as wide a range of countries as possible. [18] China actively sought oil from countries such as Angola, Sudan, Venezuela and Nigeria as well as more conventional suppliers in the Middle East, where it is possible that a hostile actor might seek to block tankers traversing the Strait of Hormuz.

Subsequently, under Xi Jinping, this strategy of energy import diversification became part of a holistic approach to China's security which came to be known as 'comprehensive national security.' [19] The approach, based on close coordination of military, political and economic policy spheres across multiple ministries and organs, [20] includes the large-scale implementation of renewable energy production and promotion of electric vehicles in order to steadily reduce consumption of imported fossil fuels (as well as countering air pollution). As a result, 17.5 per cent of China's energy production in 2024 came from renewables, up from only 6.7 per cent in 2011. [21]

Obviously, the idea of enhancing comprehensive national security includes modernising the military, as well as investing heavily in science and technology innovation in areas such as artificial intelligence, mining, quantum computing, robotics, and space exploration. Xi has called this China's 'holistic national security concept' (HNSC) and created a new body, the

Central National Security Commission (of which he is the head) to coordinate China's national security strategy. [22] According to Tai Ming Cheung, a professor at the University of California San Diego, "The HNSC became China's first-ever official national security strategy in January 2015 when the Politburo approved the National Security Strategy Outline (NSSO)." [23] Under this strategy, the spheres of politics, economics, military affairs, and science and technology are seen as connected aspects upon which China's overall national security rests, with each aspect having its own organisational structure of committees and departments within a framework coordinated from the top down.

In recent years, particularly since the advent of the first Trump administration's trade war with China, the CCP has also sought to reduce economic dependence on the United States, and on advanced Western economies in general. For instance, the PRC's holdings of US treasury bonds, which stood at US\$1.314 trillion in July 2011, had reduced to US\$682.6 billion in November 2025. [24] In the same period, ties with markets in the Global South steadily increased while exposure to the US gradually shrank. In 2018, 19.5 per cent of Chinese exports went to the United States; by 2023, the proportion had markedly declined to 12.9 per cent. [25] The U.S. still remained China's single biggest national trade partner; but the Chinese government had set about cutting the PRC's exposure to the vagaries of American foreign policy in a coordinated manner. Learning a lesson from the first Trump administration, the Chinese government had placed the PRC in a far less vulnerable position vis-à-vis the U.S. This meant that Beijing could realistically attempt to ride out Donald Trump's volatile policy shifts (most notably on tariffs) without having to be concerned that these would trigger severe repercussions in the Chinese economy.

As a previous EuroHub4Sino policy paper showed, Beijing has also long been seeking to increase its influence across the Global South. [26] In many countries, for instance in Africa, Chinese diplomacy has deliberately cultivated influential elites so that they tend to favour engagement with China. [27] Expanding China's support base widely across the developing world is intended to reduce exposure to external shocks and pressures emanating from the West. For instance, since the 1960s the PRC has gradually attracted many countries away from supporting Taiwan: the number of African countries with official ties to Taiwan declined from 19 in the mid-1960s to just one (Eswatini) by 2022. [28] In 2025, according to two surveys, China overtook the U.S. in terms of global favourability ratings, largely because of increased support in the Global South. Nira Data's May 2025 poll revealed that China was more popular than the U.S. in 76 out of 96 countries surveyed. [29] The Economist's survey administered between July and September 2025 showed that the PRC's favourability rating had overtaken America's in Mexico, Indonesia and South Africa. [30]

Based on investments under the umbrella of the Belt and Road Initiative and cooperation encouraged by China-led regional organisations such as the Forum on China-Africa Cooperation (FOCAC) and the China-Arab States Cooperation Forum (CASCF), Beijing is increasingly seen as a responsible and reliable partner by many countries in Africa and Asia. These nations

are simultaneously losing faith in the U.S. due to erratic and sometimes hostile policymaking under Trump. By spreading its eggs into as many baskets as possible in the same way as a successful investor might, the Chinese government, under a succession of leaders since the 1990s, has managed to reduce the PRC's economic and political exposure to unexpected shocks such as Trump's trade war and tariffs.

Discussion and recommendations

To sum up: the EU's efforts to de-risk have been underwhelming while China has been far more successful at promoting its 'comprehensive national security' under Xi Jinping. For instance, the EU has reduced energy dependence on Russia, but replaced it with dependence on US supplies of natural gas. Meanwhile, China has diversified its energy suppliers as far as possible to minimise the effects of potential black swans such as a blockade of the Strait of Hormuz, while increasing the use of solar and wind power. China has also expanded its support base and influence among a wide range of countries in the Global South. Europe, still carrying colonial-era baggage in the eyes of many former dependencies, has not been systematically applying a similar form of charm offensive. Instead, the EU continues to rely on an outdated form of so-called 'normative power' [31] based on European democratic values which lacks both clout and, in recent years, credibility.

Of course, not everything that China includes in its comprehensive national security strategy or HNSC would be appropriate for the EU to implement. The Chinese national security apparatus includes surveillance of citizens and, effectively, suppression of minorities which could not be contemplated in Europe. Some advantages that China has gained, for instance in the electric vehicle market or renewable energy, could be seen as by-products of China's need to address its deteriorated environment rather than as part of a conscious attempt to de-risk. Still, adopting a holistic approach to Europe's security in which political, economic, technological and military security are more effectively integrated by means of a coordinated top-down strategic approach is something that could be implemented in the EU, given sufficient political will.

Of course, the problem of getting all necessary stakeholders on board and coordinating their efforts is a key difficulty. Yet given the urgent need for Europe to start acting as a unified power in the interests of its security (which French President Macron pointed out in February 2026), there is hope that it is possible to make it happen. As Macron said: "Are we ready to become a power? This is the question in the field of economy and finance, in defence and security, and in our democratic systems ... We need big European programmes to finance the best projects ... The Chinese do it, the Americans too ... I am not saying we should be protectionist. It's more a question of being coherent." [32] The aim, as Macron suggests, should be to develop a holistic approach to security which draws on the systematic aspects of the Chinese strategy – for instance regarding top-down oversight, clear structures for implementing and coordinating policy, and state investment in key industries. At the same time, it is self-evidently

essential to adhere to European norms and values concerning democracy and human rights in developing such a strategy.

In order to implement de-risking more effectively, it would be advisable for the EU to take the following four measures. First, although of course many aspects of the Chinese approach to comprehensive national security are not possible to implement in Europe, EU leaders should take a holistic approach to security rather than one focused mainly on concerns about espionage, technology transfers, and military build-ups. Energy supplies and international partnerships should be given more priority when developing security strategy. Second, Global South countries should be viewed as potential economic and diplomatic partners rather than passive aid recipients. There should be an increase of carefully coordinated diplomatic interaction with countries in the Global South, especially resource-rich ones. Elites in the selected countries should be engaged and offered investments or expertise in areas identified as lacking in the target countries and which European actors can provide. Third, energy suppliers should be diversified, while systematically expanding resources in alternative sources of energy such as renewables and nuclear power. This should not be left primarily to private enterprise, but should be carefully coordinated at the level of member state governments and the EU Commission. And fourth, a programme of investment in key industries – including military technology – along the lines of Macron’s suggestions should be implemented to beef up European self-sufficiency. By implementing these measures, the EU may finally be able to approach an effective strategy of de-risking which draws on the Chinese experience rather than continuing to ignore it.

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