



Countering CCP Global Influence: China's Infiltration of Europe

Bottom Line Up Front:

For decades, Beijing has steadily infiltrated European economies by building extensive commercial ties across the continent. Now, Beijing exerts considerable influence over regional economies, undercutting U.S. and international efforts to hold the CCP to account.

- While U.S. national security officials have sounded the alarm on China's economic espionage, [European opinion remains divided](#) on implementing safeguards against China's malign activities. Certain EU leaders continue to favor short-term commercial benefits over reducing economic dependencies on Beijing.
- European support for adopting a "de-risking" policy [has risen](#) in the wake of China's role in the origins of the COVID-19 pandemic, widespread Chinese espionage across the EU, and Xi Jinping's announced "no-limits partnership" with Moscow.
- Transatlantic unity—both in rhetoric and action—is indispensable to deterring CCP aggression against the United States and our allies in the Asia-Pacific. Failing to address Europe's economic vulnerabilities will erode America's ability to coordinate a credible defense of the American-led order.

Background:

Europe's economic ties with the PRC have grown significantly over the past decade. China now [stands as the EU's largest partner for imports of goods](#) with 20.8% of the total in 2022. Beijing has also become Germany's top trade partner—bilateral trade volumes reached nearly €300 billion last year—and is deeply embedded in its automobile industry. Such economic codependence exists across the continent, with [over two-thirds of EU countries](#) joining China's global infrastructure project, the Belt and Road Initiative.

Incrementally, Beijing has made strategic investments in key European industries, including 5G infrastructure, ports, and semiconductor manufacturing. These ties, in turn, have provided China with considerable political leverage and access to sensitive technologies. Beijing's 14+1 initiative—which aims to [promote business relations](#) with central and eastern European countries—has further deepened the continent's economic dependency on China, [complicating efforts to implement effective de-risking measures](#).

China's economic ties with European countries have soured considerably in the midst of the war in Ukraine, tit-for-tat sanctions, and supply chain woes—developments that have exposed the risks associated with dependence on the Chinese market. Still, many Western European leaders [favor an approach grounded in strategic engagement](#) and continued commercial links in an effort to avoid provocation and secure cooperation on climate change priorities.

Key Issues:

- **Economic Dependencies:** The European Commission has [unveiled promising measures](#) to reduce the continent's import dependency, especially in strategic areas such as technology and pharmaceuticals. These measures include diversifying trading partners, reshoring production of certain imports, creating industrial EU alliances, and removing regulatory loopholes in legislation. U.S. policy should encourage the full implementation of these measures and provide robust alternatives to Chinese investments with national security implications.
- **Ukraine's Implications for Taiwan:** The CCP is [watching the war in Ukraine](#) unfold in search of clues to how the West might respond to re-unification by force in Taiwan. Beijing may interpret European fatigue, precipitous calls for a negotiated settlement, or a scale-back of military support by NATO countries as signals the PLA would face little international resistance for an incursion on the island. Coordination on economic and defense measures, particularly at the G-7 level and between NATO leaders, remains critical for demonstrating Western unity to CCP leaders.
- **Technological Exploitation:** Strengthened counterintelligence tools are needed to thwart China's economic espionage activities in Europe. Enhanced monitoring capabilities—as well as protecting sensitive technologies from Chinese acquisition with coordinated export restrictions—will curb IP theft and deprive Beijing of resources to enhance its dual-use technology complex.
- **Dual-Theater Capability:** Defense analysts maintain that the West's defense industrial base is [unprepared to handle simultaneous conflict](#) in two theaters, a shortcoming that could embolden the



CCP to aggress on Taiwan as the war in Ukraine drags on. Key proposals to revitalize the defense industrial base include allowing U.S. weapon systems to be co-developed by trusted European partners and bolstering the production of critical supplies and equipment within the continent.

