



FORUM: Economic and Social Council (ECOSOC)

TOPIC: Evaluating the Impact of EU-China Trade relations on the Global Sustainability Chain

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POSITION: Deputy President

PERSONAL INTRODUCTION

Dear Delegates,

My name is Ilias-Romanos Sporidis and it is my pleasure and a great privilege to serve as a Deputy President of the Economic and Social Council for the 5th Anavryta Model Lyceum Model United Nations conference. At the time of the conference, I will be 16 years old, attending the 11th class of the German School of Athens.

Ever since I joined MUN in the 8th Grade, I have very much enjoyed every single conference I have attended and always been greatly interested in geopolitical matters and how economic circumstances influence such matters and the populations of each respective state. As Deputy President of the ECOSOC committee, I have every intention to assist in creating a friendly environment in the committee and elevate the cooperative spirit of the delegates, together, with their willfulness. I believe that the functions of the committee can be carried out properly without abandoning the enjoyment and laughter that the conference brings. I am excited to meet all of you during the conference and wish you good and productive study of the topics and their Study Guides.

If you might have any possible questions about the topic, researching it or anything that has to do with the conference or its procedures, do not be afraid to contact me on liias.sporidis@gmail.com.

Best regards,

Ilias-Romanos Sporidis

TOPIC INTRODUCTION

The European Union (EU) and the People's Republic of China (PRC) share a long diplomatic history and trading partnership, starting in 1978 with the signing of the 1978 Agreement, set the groundwork for Sino-EU trade relations. Since then, bilateral

trade between the PRC and EU has increased and in 2025, total trade reached almost €750 billion.¹

However, the EU started running a trade deficit with China for the first time in 2001 and, since then, the deficit has only increased.² In 2025 the EU trade deficit with China reached more than €360 billion.³ European politicians have recognized this imbalance and are trying to correct it with various measures. The EU is also worried about overreliance on Chinese imports for their domestic markets and the Chinese Communist Party's policies of price manipulation in order to make Chinese exports more competitive internationally.

This tense relation has pushed Europe into fostering new trading partnerships and entering new international markets. One of such is India, with which economic relations have increased over the past few years and South America, in particular the trading organization Mercado Común del Sur (MERCOSUR), or Southern Common Market, in English. Meanwhile, the EU has implemented more protectionist measures on certain goods, aiming to protect domestic industries from foreign competition.

In East Asia, China is trying to expand its global influence through increasing trade with other countries and becoming an interdependent partner for many states across the world. Through the Belt and Road Initiative, China is attempting to revive medieval trading routes and expand their commercial capacity.

Whilst the ECOSOC has no legal authority, meaning that its resolutions are not legally binding, it is the primary UN organization for economic and trading matters. The Economic and Social Council is called to present solutions and ideas to enhance economic cooperation and prosperity on a global scale, while resolving any injustices in international trading practices.

DEFINITION OF KEY TERMS

Protectionism

Protectionism is an economic policy which argues for the protection of the domestic market of a nation from foreign, competitive products. The most common protectionist measures are tariffs to targeted foreign imports or flat tariffs, which affect the entirety of foreign imports from all sectors.⁴

¹ "EU Trade Relations with China." *Trade and Economic Security*, policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/china_en.

² "EU Trade Relations with China." *Trade and Economic Security*, policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/china_en.

³ "EU Trade Relations with China." *Trade and Economic Security*, policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/china_en.

⁴ "Protectionism | Definition, Examples, & Facts | Britannica Money." *Encyclopedia Britannica*, www.britannica.com/money/protectionism.



Trade War

Trade War is a conflict between nations characterized by the imposition of tariffs or trade barriers against each other. This economic confrontation can escalate tensions, affecting global supply chains and international markets. Trade wars often arise from protectionist policies aimed at safeguarding domestic industries but can lead to retaliatory measures, disrupting international trade relations.”⁵

Trade Balance

The net calculations of the profits from all exports of a country minus the cost of all of its imports throughout a specific period of time.⁶ Large trade deficits may be used by certain political factions as proof of the necessity of implementing protectionist measures against a foreign nation in order to protect a domestic industry, which is suffering because of mass, cheap foreign imports.

Price Manipulation

Price manipulation is a policy directive employed by the Chinese Communist Party (CCP), in order to manipulate the prices of China’s global exports and institute them as more competitive globally.⁷ One of the exact practices in implementing this policy is direct state subsidies for domestic industries in order to expand production and lower prices for Chinese exports. Others include the devaluation of the Chinese Renminbi, the country's currency, in order to make imports dearer and exports more competitive in the global market, thus maintaining the country's growing trade surplus.⁸ ⁹The US has expressed concerns in this policy direction in regards to Chinese mineral exports and European Commission President Ursula von der Leyen has repeatedly talked about “leveling the playing field” in regards to Chinese unfair trading practices, in particular in the sector of Electronic Vehicles.¹⁰

⁵ "Trade War: Definition, Conceptual Context & Why It Matters." *TRT World Research Centre*, 24 Apr. 2026, researchcentre.trtworld.com/dictionary/trade-war/.

⁶ Kenton, Willy, et al. "Understanding the Balance of Trade: Definition, Calculation, and Examples." *Investopedia*, 25 Nov. 2003, www.investopedia.com/terms/b/bot.asp.

⁷ "Predatory Pricing: How the Chinese Communist Party Manipulates Global Minerals Prices To Maintain Its Dominance." *Select Committee on the CCP*, 9 Mar. 2026, chinaselectcommittee.house.gov/media/reports/predatory-pricing-how-the-chinese-communist-party-manipulates-global-minerals-prices-to-maintain-its-dominance.

⁸ SKAFF, REBECCA, et al. "Understanding China’s Currency Manipulation." *The Takeaway*, 2018, bush.tamu.edu/wp-content/uploads/2020/05/V9-1-Chinese-Currency-Takeaway.pdf.

⁹ Majaski, Christina, et al. "Understanding Currency Devaluation: Effects on Trade and Economy." *Investopedia*, 16 Dec. 2004, www.investopedia.com/terms/d/devaluation.asp.

¹⁰ "Speech by President Von Der Leyen at the European Parliament Plenary on the Need for a Coherent Strategy for EU-China Relations." *European Commission -European Commission*, ec.europa.eu/commission/presscorner/detail/en/speech_23_2333.



BACKGROUND INFORMATION

China's Induction to the International Community

Few western nations were quick to recognize the People's Republic of China (PRC) after the proclamation of its creation by chairman of the Chinese Communist Party (CCP) Mao Zedong, in 1949. However, during the 1970s the PRC began opening diplomatic relations to the rest of the world and international community. In 1971 the seat of the Republic of China in the United Nations Security Council was transferred to the newly recognized PRC and US President Nixon's visit to China in 1972 greatly assisted in opening China to the international economy and global trade. Diplomatic relations with the European Economic Community (EEC) were established in 1975 with the visit of then EEC Vice-President Christopher Soames to Beijing and in 1978 the important "1978 Agreement" was signed between representatives of the EEC and China, officially establishing the basis of economic cooperation and bilateral trade between the two parties.

Liberalization and Advancements in International Relations

During the 1980s and 1990s, China went through a period of drastic economic reform under the leadership of Deng Xiaoping, which included the liberalization of the economy and the "opening up" of the country to foreign investors and businesses. These reforms proved attractive to Europe, which continued segmenting its diplomatic relations with China and in 1983 the EEC and Chinese delegation agreed to the hosting of "regular" ministerial-level summits for discussing the diplomatic and economic relations between the two parties. In 1985 representatives from the two states signed the landmark China -EEC Trade and Cooperation Agreement (1985),¹¹ replacing the 1978 Agreement and focusing on improving trade relations between the two states. Western observers hoped that with the liberalizing economic reforms of China, the country would move into a more democratic direction, replacing the authoritarian one-party system of governance. Unfortunately, these visions were quickly abandoned after the Tiananmen Square incident, when the Chinese military suppressed student uprisings in the Tiananmen square in Beijing. As a result of the incident, the European Commission imposed an armed embargo on China and the EEC suspended diplomatic relations. Despite this moment of diplomatic strain, bilateral trade continued to accelerate in the 1990s with rapid economic growth in China and the Maastricht Treaty in 1992, creating the modern European Union. The European Commission Communication COM (95)279, titled "A Long-Term Policy for China-Europe Relations" in 1995 established that the EU recognizes China as a dominant, growing, global power and urged for deeper economic and diplomatic cooperation.

¹¹ "China -EC Trade and Cooperation Agreement (1985) -Electronic Database of Investment Treaties (EDIT)." 1985, edit.wti.org/document/show/e634190b-4a74-4d1f-8b5a-bc80bc6bcd0c.



World Trade Organization Membership and Controversies

On the 11th of December 2001 the People's Republic of China joined the World Trade Organizations after years of negotiations, marking its official entrance to international commercial trade. China self-identified as a developing state during their join to the WTO, which meant in practice, that it got favorable exceptions for WTO trade regulations and extended deadlines for economic reforms required by the WTO. The value of bilateral trade between China and the EU also quadrupled during the 2000s.

Although, EU imports from China weren't growing at the same rate as EU exports and during this decade the trade deficit of the EU with China grew exponentially. This trend continued during the 2010s when American lawmakers first started being concerned with the US's dependency on Chinese imports, demonstrated by the growing American trade deficit with China. At the beginning of the decade, the EU continued the close partnership with China of the previous decades, though, during the mid-2010s a new approach to dealing with China took place across the EU. It criticized China on its human rights abuses, it took a shift on the EU's policy concerning the South China sea, recognizing the 2016 Arbitral Tribunal, which declares most of China's territorial claims in the South China Sea unlawful under the United Nations Convention on the Law of the Sea (UNCLOS). The territorial claims of China and China's "Nine-Dash Line" put them in direct contradiction with the Philippines and have contributed to great damage to maritime life. The launch of the Belt and Road Initiative by PRC President Xi Jinping in 2013 also complicated EU-China relations. It was aimed at diversifying Chinese trading capacities creating new trade routes between China and many Eurasian and African States. Many member states have benefited from the programme and the concluding view in Brussels is that the BRI aims to undermine the EU's geopolitical standing on the world stage. It undermines the unity of the common market, as only certain member states have signed to the initiative, with the EU seeing this action as China attempting to makes several EU states interdependent on the PRC and with the diversification of trade, reducing the EU's geopolitical prevalence and by obscuring EU trade through its diversification policy.

The growing protectionist sentiment against China in the United States during the mid-2010's partially led to the election of Donald Trump to the office of President of the United States in 2016, who promised to impose tariffs against Chinese imports in order to protect American domestic industries. The subsequent trade war that erupted between the two states in 2018-2019 amid Trump's introduction of great tariffs against Chinese imports provided a necessity to China, as well as an opportunity to divert its commercial exports, as America was no longer perceived as a reliable trading partner. One area of this redirection was Europe, as well as South and South-East Asia.



EU-China Trade Fallout: Major Causes and Consequences

The 2020's and post-Covid 19 pandemic period has been characterized by a contradictory narrative of EU-China trade relations and a general fallout in diplomatic relations. The EU has expressed, starting in 2020, great concerns about the humanitarian situation in Xinjiang and unstable democratic procedures in Hong Kong. It is in this context that the European parliament imposed in early 2021, sanctions on targeted Chinese individuals and entities, associated with the human rights violations in Xinjiang, such as the existence of large-scale reeducation camps targeting ethnic muslim minorities.¹² As a reaction, China imposed counter-sanctions on European individuals and entities, which the PRC claimed that the targeted individuals threatened China's security by spreading misinformation.¹³ This diplomatic retaliation pushed the European Parliament not to implement the 2020 Comprehensive Agreement on Investment (CAI) between the two states, aimed at increasing bilateral direct investment on each respective domestic economy, if the Chinese counter-sanctions were not lifted.

With the start of the war in Ukraine, China positioned itself as a staunch supporter of Russia. Trade with Russia increased in the following years, as China imported otherwise sanctioned Russian petroleum, Liquified Natural Gas and other imports from Russia's energy sector. This is still a huge roadblock to any EU-China diplomatic and trade related negotiations, as Europe demands China to halt its support for Russia. In 2023 it also officially opened an investigation on price manipulation of Chinese Electric Vehicles, which were imported at a low price in the European Union, putting pressure on the EU's domestic EV industry. Since then, dozens of investigations into illegal Chinese price manipulations have been initiated by the EU, further putting pressure on the commercial spirit of the trade relationship.

Furthermore, continuous record-breaking trade deficits with China led to European Commission President Ursula von der Leyen to announce her "derisking, not decoupling" policy in a speech in 2023, recognizing that the titanic value of European imports pose a strategic threat to Europe, as well as an economic overdependency on China. Under this policy framework, the EU aims to reduce the risk that the overreliance on Chinese imports brings, whilst not limiting overall diplomatic relations with the PRC.

The recent shift of America's trade policy to protectionism presented a sort of awakening call for the European Union. From the west of the Atlantic Ocean, America

¹² EEAS Press Team. "China: Statement by High Representative/Vice-President Josep Borrell on the Assessment of Human Rights Concerns in the Xinjiang Uyghur Autonomous Region by the Office of the United Nations High Commissioner for Human Rights." EEAS, www.eeas.europa.eu/eeas/china-statement-high-representativevice-president-josep-borrell-assessment-human-rights-concerns_en.

¹³ Matthew Parry. "Chinese Counter-sanctions on EU Targets." *Epthinktank*, 20 Aug. 2024, epthinktank.eu/2021/05/19/chinese-counter-sanctions-on-eu-targets/.

has presented itself as an unreliable trending partner and Europe has made progress reducing its dependency on American imports, particularly in the tech services sector, with the European Chips Acts and the Tech Sovereignty Package. Complicated diplomatic relations with China also constitute the possible shift of European trade from the US to China diplomatically difficult. As such, Europe has recognized the necessity of diversifying its global trade with other parts of the world, such as India, Canada and South America.

MAJOR COUNTRIES AND ORGANIZATIONS INVOLVED

India

In an effort by the European Union to diversify its commercial partners it aims to also increase bilateral trade relations with the global South and in particular, India,¹⁴ perhaps the closest European ally in South Asia due to India's strong institutional framework and democratic values.¹⁵ The EU-India Trade Deal, finally agreed upon in January of 2026, aims to increase bilateral commercial relations and open up trade between the two markets, mainly through tariff reductions.¹⁶ China's interests have been disrupted by this agreement and the Chinese government closely monitors the situation. India is one of China's greatest adversaries and to cooperate with the EU on diversification of their trade, certainly disrupts Chinese trade interests.

People's Republic of China

The primary geopolitical objectives of China in regards to Europe are hard to identify. However, on a grand scale, China would wish for a geopolitically weakened Europe, as it would be able to exert influence easier to any individual member state of the EU, instead of an institutionally strong, unified Union. On a global scale, China aims to limit the US's geopolitical influence and overtake the US global technological and economic lead.

A massive infrastructure programme called the Belt and Road Initiative (BRI) started by Chinese president, Xi Zi Ping in 2013, stepping on the groundwork for the project laid by previous Chinese president, Hu Jintao. It aims to create new sea and land trade routes around the globe and enhance China's global trading capacity, especially in developing countries. Though, the initiative expands from Central Asia to even some members of the European Union and even South America. It also serves as an alternative to the "Malacca dilemma", which explains that a majority of Chinese

¹⁴ Jaura, Ramesh. "India–Europe At A Geopolitical Crossroads – Analysis." *ER*, www.eurasiareview.com/02022026-india-europe-at-a-geopolitical-crossroads-analysis/.

¹⁵ European Commission. "India." *International Partnerships*, international-partnerships.ec.europa.eu/countries/india_en.

¹⁶ Cacicedo, Amaia S. "The EU-India Relationship: Key to Europe's Diversification Strategy." *CIDOB*, www.cidob.org/en/publications/eu-india-relationship-key-europes-diversification-strategy.

trade passes through the Malacca strait, a narrow sea corridor between Malaysia and Singapore, a staunch US ally. The Chinese Communist Party recognizes that ultimately, this geographical inconvenience is unsustainable and has attempted to divert China's trade routes. Opponents of the BRI accuse the Chinese Communist Party of attempting to set more states and peoples under their economic sphere of influence as a part of their geopolitical rivalry with the United States.¹⁷ Through the Belt and Road Initiative, the CCP aims to extend China's influence in the global commercial routes and tie many states, including members of the EU, economically to China.

United States of America (USA)

The United States has historically had a complicated relationship with the PRC, though, most recently, under the presidency of Donald Trump, relations have greatly worsened. With the protectionist and maybe even neo-mercantilist policies of recent years, the United States is attempting to resolve the ever-enlarging American trade deficit with China, leading to mixed results.¹⁸ Even though the Liberation-Day tariffs, when President Donald Trump imposed extended import tariffs on virtually all American trading partners, were deemed illegal by the US Supreme Court, Trump has reinstated, albeit less, tariffs to most of American trading partners, signaling a great shift in American foreign policy. Trump has also attacked Europe on many fronts and severed diplomatic relations with the Union. Ultimately, America seems to reinstate isolationist policies and move away from the international community and the global sustainability chain.¹⁹

European Union (EU)

The European Union currently focuses on diversifying its commercial routes, as both China and the US have proved to be unreliable trading and strategic partners.²⁰ Europe's trade deficit with China is clearly unsustainable, with many lawmakers arguing for higher tariffs on Chinese imports. The question of strategic autonomy is also a key principle of EU policy, as it has shifted in most recent years, from purely militaristic meaning and autonomizing Europe's defense capabilities, to a more

¹⁷ Anwar, Anu. "Belt and Road Initiative: What's in it for China?" *East-WestCenter*/www.eastwestcenter.org, www.eastwestcenter.org/news/east-west-wire/belt-and-road-initiative-what%E2%80%99s-in-it-china?gad_source=1&gad_campaignid=22805324099&gbraid=0AAAAADj-5m9tC-HXxgCIH5i7_dFzRysRZ&gclid=CjwKCAjw4dDTBhAqEiwAkHYmSiBh9IjzhM3wfGps7bpPit1-3LRDs0-Ov_5O2j9DFBboFGhNMHU0xoCn3YQAvD_BwE.

¹⁸ Robert J. Barro. "Trump's Mercantilist Mess." *Project Syndicate*, 5 Sept. 2019, www.project-syndicate.org/commentary/trump-trade-policy-mercantilism-by-robert-j-barro-2019-09.

¹⁹ Hurlburt, Heather. "Trump's summer of tariffs means trade uncertainty is here to stay." *CH*, 8 Aug. 2026, www.chathamhouse.org/2026/08/trumps-summer-tariffs-means-trade-uncertainty-here-stay.

²⁰ Tercovich, Giulia, and Hugo Meijerb. "EU Strategic Autonomy and the Perceived Challenge of China: Can Critical Hubs Be De-weaponized? -European Foreign Affairs Review." 13 Sept. 2025, kluwerlawonline.com/journalarticle/European+Foreign+Affairs+Review/27.SI/EERR2022015.

general sense of European industries. These include pushing for industrial sovereignty in microchip manufacturing through the CHIPS acts and the recent European attempts at diversion from the American communications app.²¹

Southern Common Market (MERCOSUR, in Spanish)

MERCOSUR has also benefited from Europe's shift towards the global South in reaction to growing tensions with China. After decades of negotiations and fierce opposition from certain member states, the European Council adopted two important free trade agreements with MERCOSUR in 2026, limiting tariffs between the two parties and further diversifying its trade accounts.²² The MERCOSUR deal has faced great internal opposition from certain EU member states, including accusations of excessive and/or intrusive trading restrictions, as well as backtracking on the fundamental ideals of free trade.²³

TIMELINE OF EVENTS

DATE	EVENT
3rd April 1978	The 1978 Agreement between the People's Republic of China and the European Economic Community was signed. It was the first economic and trade agreement between the two parties and laid the foundation for future trade relations between the two.
21st May 1985	The China -EC Trade and Cooperation Agreement (1985) was signed by European and Chinese representatives. It replaced the 1978 Agreement and focused on the institutional framework of trade relations between the two.
1st November 1993	The Maastricht Treaty entrances into force, creating the modern European Union. From now on, external diplomatic and economic matters could be conducted in a more organized and

²¹ "Dutch Government Tests European Messaging App to Reduce Reliance on WhatsApp." *NL Times*, 20 Mar. 2026, nltimes.nl/2026/03/20/dutch-government-tests-european-messaging-app-reduce-reliance-whatsapp.

²² "EU-Mercosur." *Trade and Economic Security*, European Commission, policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/mercosur/eu-mercosur-agreement_en.

²³ Oertel, Janka. "EU-Mercosur Deal: Take the Win, but Change the Tune." *European Council on Foreign Relations*, 12 Mar. 2026, ecfr.eu/article/eu-mercosur-deal-take-the-win-but-change-the-tune/.



	concentrated manner between the EU members and foreign delegations.
11th December 2001	The People's Republic of China enters the World Trade Organization as its 143rd member. China self-identified as a developing state, in order to qualify for special and differential treatment (SDT) for certain provisions of the WTO, even though the Organization officially does not differentiate between developing and developed states. China abandoned that status amid the US-China trade war of 2025. ²⁴
7th September 2013	Chinese President Xi Jinping announces the Silk Road Economic Belt, today called the Belt and Road Initiative at Nazarbayev University in Astana, Kazakhstan. It aims to expand China's global trade capacity and diversify Chinese trade routes from the Malacca strait in Southeaster Asia.
6th July 2018	Tariffs on Chinese imports to the United States take effect, officially starting a trade war between the PRC and the United States.
24th February 2022	The War in Ukraine starts, with China aligning itself with the Russian Federation. Europe protests that diplomatic move, together with the entire war. This policy directive still presents a big stall to Sino-EU relations
18th April 2023	In a speech to the European Parliament, President of the European Commission, Ursula von der Leyen argued the necessity of the policy of de-risking, but

²⁴ World. "China Gives Up WTO Developing Country Status in Face of U.S. Tariffs." *PBS News*, 24 Sept. 2025, www.pbs.org/newshour/world/china-gives-up-wto-developing-country-status-in-face-of-u-s-tariffs.

	not de-coupling, in regards to European imports from China. ²⁵
2nd of April 2025	US President, Donald Trump announced major increases to imports to the United States from a vast number of countries, including China, known as “Liberation Day”. The CCP almost immediately retaliated, sparking a trade war between the two superpowers.

RELEVANT UN TREATIES, CONVENTIONS AND RESOLUTIONS

UN General Assembly Resolution 2205

Resolution 2205 of the UNGA, voted upon on 17th December 1966, established the United Nations Commission on International Trade Law (UNCITRAL), a subsidiary body of the United Nations General Assembly responsible for regulating certain aspects of international trade. It is mandated to oversee and stabilize international trade and is the main legal body of the UN in regards to international trade laws.²⁶

United Nations Convention on Contracts for the International Sale of Goods (CISG)

Signed in 1988, it provides the basis for almost any international commercial transactions between two countries, irrespective of levels of economic growth or other differences. It also covers transactions between private corporations and entities from separate countries. It is under the jurisdiction of the UNCITRAL and is considered the backbone of rules for international shipping and trade transfers.^{27 28}

United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards

The convention took place in 1958 and it is perhaps one of the most effective international documents on global trade. It orders the national courts of each

²⁵ "Speech by President Von Der Leyen at the European Parliament Plenary on the Need for a Coherent Strategy for EU-China Relations." *European Commission -European Commission*, 18 Apr. 2023, ec.europa.eu/commission/presscorner/detail/en/speech_23_2333.

²⁶ "Origin, Mandate and Composition of UNCITRAL." *United Nations Commission on International Trade Law*, uncitral.un.org/en/about/fag/mandate_composition.

²⁷ Nextron internet team GmbH. "Authentic English Text of the CISG." *CISG-online | CISG-online.org*, csg-online.org/Text-of-the-Convention/Authentic-English-text-of-the-CISG.

²⁸ "United Nations Convention on Contracts for the International Sale of Goods (Vienna, 1980) (CISG)." *United Nations Commission On International Trade Law* |, uncitral.un.org/en/texts/salegoods/conventions/sale_of_goods/cisg.

signatory to recognize and enforce bilateral arbitral awards, which is an order by third party courts in regards to disputes on trade and other financial disputes between two states. China acceded to the convention in 1985 and the treaty provides a concrete legal system through which Sino-EU trade disputes can be resolved and be recognized by each other's respective national courts.^{29 30 31}

PREVIOUS ATTEMPTS TO SOLVE THE ISSUE

De-risking, not De-coupling Policy

The policy of de-risking, but not de-coupling is a landmark initiative, showing the growth of concerns inside the EU about the Union's overreliance on Chinese imports. Although it could be considered as somewhat contradictory, the policy aims to limit the strategic risk that overreliance on Chinese imports brings to the European Union. Furthermore, it considers the economic risk of continuous trade deficits between the two parties, as well as the threat of cheap, Chinese imported products to the domestic European industry, in regards to their high level of competitiveness with domestic suppliers.

The Tech Sovereignty Package

This package, adopted by the European Commission on 3 June 2026 is an effort by the Commission to empower the internal technological industry of the European Union, as most of EU tech is imported outside of the member states of the EU. Most microchips in Europe are manufactured in Taiwan and South Korea and many digital services hubs are sponsored by external actors. The package includes two new legislations, namely, the Chips Act 2.0 and the Cloud and AI Development Act. It also includes new policy directives, all aimed at increasing Europe's technological autonomy.³²

Sustainability Impact Assessment (SIA)

SIAs are created in order for the European Commission to assess any economic, social, humanitarian and environmental impacts of any trade deals between the EU. The Assessments have published a large number of reports on bilateral and multilateral trade agreements that involve the EU, including the 2018 EU-China investment agreement. The relevant assessment suggests that there have been

²⁹ New York Convention. "United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York, 10 June 1958)." *The New York Convention | New York Convention*, www.newyorkconvention.org/english.

³⁰ LLC, Aceris L. "How Enforcement Works: Turning Arbitral Awards into Real-World Results." *Aceris Law*, 13 Sept. 2025, www.acerislaw.com/how-enforcement-works-turning-arbitral-awards-into-real-world-results/.

³¹ PMB, SIGB. "China -Jurisdictions -NYCG 1958." *1958 New York Convention Guide*, newyorkconvention1958.org/index.php?lvl=cmepage&pageid=11&menu=568&opac_view=-1.

³² "Strengthening Europe's Tech Sovereignty." *Shaping Europe's Digital Future*, digital-strategy.ec.europa.eu/en/policies/eu-tech-sovereignty.



generally limited, but positive, results for the European Union from this deal. The Assessments are commissioned, in order for the Commission to assess, among other things, the sustainability of any trade agreement and could suggest to the Commission amendments or complete cancellation for any agreements.³³

POSSIBLE SOLUTIONS

Regular Bilateral Negotiatory Summits

One way for resolving the recent trade-related tensions is regular, possibly quarterly, summits meetings between ministers, or even heads of states or governments under the supervision of the ECOSOC and UNCITRAL in order for the signage of new trade agreements. The topic of the discussions should be, in general terms, the rebalancing of Sino-EU trade relations. A possible agenda of those meetings should include the limitation of trade restrictions between the two parties, but also the growing European trade deficit with China.

Investigations on Chinese Price Manipulation

In an attempt to ease EU concerns of Chinese illegal price manipulations, the UNCITRA could cooperate with both the EU and China to ensure that price manipulations in a product-to-product base are limited, potentially through investigations, among other measures. After each investigation, reports by UNCITRAL should explain exactly how parties may enforce unfair trading practices and what policies can be implemented in order to sanction specific products, as well as point out any potential compromises that can be found between the two parties. This would possibly be the most transparent measure to undress unfair price manipulation and it would also satisfy concerns on the matter.

Coordination with UNCITRAL for Reform of European Trade Policy

Since the European Union has recognized the risk of an ever-enlarging trade deficit with China, it could be proposed for EU diplomats to hold meetings with legal and economic experts of the UNCITRAL, in order for the experts to propose policies regarding a reformation of European trading practices. It is important to coordinate with the Commission with such matters, as to be done in a proper and legal manner, within the regulations of UNCITRAL and CISG.

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³³ "Sustainability Impact Assessments." *Trade and Economic Security, policy.trade.ec.europa.eu/analysis-and-assessment/sustainability-impact-assessments_en*.

"Chinese counter-sanctions on EU targets." Think Tank European Parliament, [www.europarl.europa.eu/thinktank/en/document/EPRS_ATA\(2021\)690617](http://www.europarl.europa.eu/thinktank/en/document/EPRS_ATA(2021)690617).

"COMMISSION POLICY PAPER FOR TRANSMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT." EUR-Lex — Access to European Union Law — Choose Your Language, COMMISSION OF THE EUROPEAN COMMUNITIES, eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2003:0533:FIN:EN:PDF.

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