FEDIL

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EU-CHINA RELATIONS – RESTORING BALANCE IN A STRATEGIC ECONOMIC RELATIONSHIP

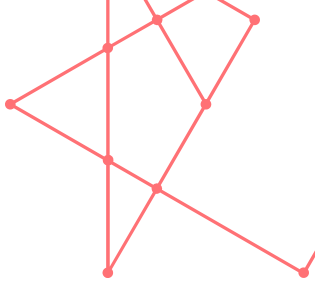
China is an important market for European companies and a significant supplier of raw materials, components and intermediate goods. Cooperation with China also contributes to industrial innovation and competitiveness. Maintaining access to this market is therefore important for European industry.

However, the relationship is increasingly characterised by imbalances. State subsidies, dumping, structural industrial overcapacity, restrictions on access to the Chinese market and an uneven playing field are placing growing pressure on European companies, both in the EU and in third-country markets. The lack of consistent enforcement of EU product requirements, including effective verification that imported products comply with these requirements, further exacerbates these competitive distortions.

Chinese overcapacity can also displace production and trade flows in third countries. This may redirect additional volumes towards the European market, an effect that needs to be considered when assessing the impact on European industry.

Separately, supply shortages and export restrictions affecting certain Chinese raw materials and technologies highlight the risks associated with excessive economic dependencies. These can disrupt supply chains, constrain the availability of critical inputs and create significant price disparities between Chinese and European markets, affecting the competitiveness of companies across the value chain, from raw materials to finished products.

FEDIL's objective is to ensure fair competition and preserve the ability of European industry to invest, innovate and produce, not to call trade with China into question or to penalise its economic success. The EU should respond decisively to unfair practices and genuine vulnerabilities while keeping its market open to economically beneficial trade and cooperation with China. This requires, among other things, action to address market distortions that threaten Europe's industrial capacity and affect entire value chains, including



downstream industries.

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