



Mr Antonio Costa
President
European Council
Rue de la Loi 175
1049 Brussels
Belgium

16 July 2025

Re: BusinessEurope's views and priorities ahead of the EU-China Summit

Dear President,

EU-China relations have faced considerable challenges in recent times. Trade and investment ties remain marked by significant asymmetries, including a lack of reciprocity in market access and an uneven playing field in several sectors. At the same time, China's growing trade surplus, weak consumption growth, deflation risks, and declining profitability point to increasing structural imbalances in its economy, with potential spillover effects for European businesses. Our companies need to factor in these issues in their business decisions, while also considering the broader geopolitical dynamics into their strategic planning.

Despite these challenges, **China remains a major trade and investment partner for the EU and an important market for European companies.** Moreover, global governance issues require continued EU–China engagement, particularly in areas where multilateral cooperation is essential –such as climate change, the reform of the multilateral trading system, and the development of international standards. For these reasons, the EU should continue to engage with China where mutual interests and global challenges align, while firmly safeguarding European interests and values where significant differences persist. In parallel, the EU should continue to address its own competitiveness challenges and intensify efforts to advance its diversification agenda.

The current geopolitical context, marked by a shift towards power politics and increasingly transactional relations, as opposed to adherence to a rules-based order, is reshaping the environment in which the EU engages with global partners. These dynamics will inevitably influence how the EU manages its relationship with China, requiring a more strategic approach that takes into account the EU's interest, reflecting



both today's realities and the need to safeguard European values and long-term competitiveness. This evolving context also demands that the EU acts and speaks with one voice. Only a strong and united Europe can muster the economic and political leverage needed to engage with China effectively and on equal terms. The pursuit of individual Member State interests should not come at the expense of the EU's collective position. Maintaining unity is essential to protect the EU interest.

The upcoming EU-China Summit represents an opportunity to firmly defend European interests. Some pressing issues will require urgent attention during the Summit, in particular China's **recent export restrictions on raw materials**, including the negative side-effects on similar materials not officially covered. At the same time, the long-term challenges that companies have been facing in China deserve equal focus. While the list is long and we have already shared our key concerns with your services, allow me to highlight the following issues.

China pursues **market distorting supply-side policies** that significantly contribute to the persistent trade imbalances in our relationship. Through a variety of policy instruments the Chinese state has provided significant support to industrial producers, boosting their competitiveness but also creating structural overcapacities in an increasing number of manufacturing sectors. Combined with weak domestic consumption, the export of this excess capacity abroad and the destructive price competition associated is posing a threat to key European industries. In addition, the risk of trade diversion resulting from unilateral measures taken by other major trading partners could further exacerbate the problem.

There is therefore an urgent need to restore a level playing field in these areas. The EU should address this challenge on the basis of substantiated evidence in line with its established practice and send a clear message to China that it will not hesitate to defend its interests while fully respecting the rulebook. On its side, China should provide increased policy support to stimulate domestic consumption and better balance output with demand. This shift would not only support China's own economic recovery but also help reduce trade frictions with partners facing similar concerns. While we acknowledge the recent measures taken in this direction, we stress the importance of their continued implementation and the need for deeper structural reforms. By contrast, the politically motivated trade defence investigations recently launched by China send the wrong signal and do not contribute to resolving the underlying problems.

Moreover, the traditional challenges of doing business in China, including market access and regulatory barriers, continue to hinder business opportunities. The measures



announced to open up the market in China fall short. While the Chinese government has repeatedly announced its intention to dismantle investment barriers, there is still room to improve transparency and the implementation of policies. Moreover, **prohibitive market access and level playing field barriers** still exist in many affected sectors. Some issues to highlight are lack of access to **public and government procurement** in China, weak enforcement of **intellectual property protection**, and security laws with a very broad and unclear scope of application.

We hope that the issues mentioned in this letter will be taken into consideration. We wish you good discussions during the Summit with the aim of developing a more balanced and mutually beneficial EU-China relationship in the interest of citizens and businesses on both sides.

Yours sincerely,

Fredrik Persson
President

Markus J. Beyrer
Director General