

The EU's Need for a Strategic Shift towards China and Russia

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Executive Summary

The growing cooperation between China and Russia post-2022 has not only seen a quantitative increase in trade volumes, but also a qualitative shift towards a more sophisticated partnership in new technologies, innovation, and research and development (R&D) in domains such as Artificial Intelligence (AI), quantum computing, green hydrogen energy, etc. This may introduce new strategic, economic and security risks for the European Union (EU) and in particular regarding the EU's policies of de-risking from China and enhancing its global competitiveness. The recent change in the US administration brings further uncertainties that have the potential to undermine transatlantic cooperation. To respond in a timely and appropriate manner to the new geopolitical and economic configuration, the EU must not only adopt a focused strategy on technological sovereignty, cybersecurity and leadership in AI, but also re-evaluate its current approach towards both China and Russia.

China-Russia Partnership post-2022

1. **Quantitative increase:** From 2022 onwards, the volume of trade between China and Russia has significantly increased, reaching a record high of \$237 billion in 2024.
2. **Qualitative shift:** Increased trade is accompanied by a qualitative shift that breaks the traditional partnership logic of "Russian gas and oil for Chinese money". It signifies a government-led move towards a more sophisticated strategic partnership in R&D, AI and quantum computing, enabling rapid technological advances in China and Russia that could challenge the EU.

Geopolitical Reconfiguration in 2025

1. **Transatlantic cooperation:** The newly elected Trump administration is challenging the geopolitical status quo, reasserting its traditional commitment to EU security.
2. **US-Russia Talks:** The US is actively re-engaging with Russia as an attempt to split the growing alliance between China and Russia. This action reflects the United States' historical comprehension of the potential geopolitical implications of the China-Russia partnership, particularly considering the increased interactions of the current Russian government with North Korea and Iran.
3. **Responses:** Despite the lofty rhetoric of the China-Russia partnership, the Russian government is cognizant of the risks associated with its economic overreliance on China. Consequently, it has expressed its willingness to re-engage in cooperation with the US and to revive its partnership with the EU. Similarly, the Chinese government also understands that even an increased trade with Russia will not substitute its trade with the US and EU. In the context of strained relations with the US, China has elevated its expectations of cooperation with the EU.

The EU's current policies

1. **De-risking:** According to the 2023 Ursula von der Leyen's speech in Brussels followed by the "Strategy on China" issued by the German federal government in 2023, China is considered as partner, competitor and systemic rival, and the EU must de-risk its economy from China. De-risking is to be achieved through the reinforcement of the EU's domestic capabilities for innovation and production, and partnership diversification that involves engagement with new countries for collaborative endeavors.
2. **Readiness 2030:** In 2025 the EU Commission issued "White Paper for European Defense – Readiness 2030" aiming at rearmament of the EU in the face of potential military aggression by Russia. Also, according to Ursula von der Leyen, the EU will not engage with Russia unless the Russian government fully withdraws its military from Ukraine.
3. **A Competitiveness Compass:** In January 2025, the EU Commission circulates a new strategy for regaining the EU's competitiveness on the global market. The strategy also points at the EU's energy dependence on Russia and the need to transition to alternative sources of energy. It also acknowledges China's successful gaining leadership in "certain new growth areas". It urges the EU to address the issues of overregulation to boost business and innovation.

New risks for Europe

1. **Cybersecurity:** A qualitative shift in China-Russia partnership signifies increased cooperation in innovation and hi-tech advancements that includes digitalization, AI, quantum technologies, big data, robotics, etc. This poses serious risks for the EU's cybersecurity such as increased exposure to cyberattacks, disinformation, development and application of advanced AI in military.
2. **Global cooperation:** A closer China-Russia partnership enhanced through collaborative platforms such as BRICS may challenge the EU's efforts in establishing partnership with other countries in Africa, South-East Asia, South America, etc. A new world order, if restructured in alignment with the national interests of the US, China and Russia may leave Europe on the periphery of international cooperation.

Policy Actions

1. **Transatlantic cooperation:** As of today, the US firmly maintains its position as the global leader in AI. The EU should therefore prioritize its partnership with the US on AI and cybersecurity.
2. **Indo-Pacific partnership:** In addition, the EU should enhance cooperations with other technologically advanced countries that are traditional partners of Europe, like Japan, South Korea, and India to build a global network of AI partnerships to further enhance Europe's cyber resilience.

3. **Diplomatic approach to China:** Reconsider the EU's current approach to China that is predominantly driven by human rights considerations. A carefully crafted diplomatic approach that considers appropriate language and formulations is required. Re-engagement in R&D through a scheme of joint projects will provide the EU with firsthand access to China's technological advancement.
4. **Re-engaging with Russia:** A gradual reengagement with Russia in the economic and energy spheres will not only serve to rebalance the current geopolitical configuration by offering Russia a partnership alternative to China but will also provide Europe with affordable natural resources that are necessary for the EU's transition to a green energy and CO2-free future.

Lessons

The qualitative shift in China-Russia partnership, coupled with the evolving dynamics of the US new policies following the Trump administration, represents a multi-faceted challenge to the EU and requires a proactive response. By prioritizing transatlantic collaboration and strategic partnerships, the EU can effectively mitigate these risks while concurrently asserting its global influence. The EU should also capitalize on China's and Russia's propensity to collaborate. A strategic shift on China and Russia may be now perceived as “biting into the sour apple” but is both inevitable and essential for the EU's long-term resilience and prosperity.

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