



Office of the Prime Minister
Bart DE WEVER

Ms Ursula von der Leyen
President of the European Commission
European Commission

Brussels, March 18, 2026

Our ref
2026.00263.1

Dear President von der Leyen,

Allow me to return to our earlier discussion on the negative impact of China on our industries and competitiveness. We need an agreement at EU-level on the sense of urgency and I am grateful to read in your letter on competitiveness of 16/3/26 that you arrive at the same conclusion. Whilst fully agreeing with the list of priorities you develop in your letter, allow me to add a crucial piece of the puzzle we need to tackle: China.

China is accelerating its export-driven growth model, particularly in strategic sectors regarding the green transition, the chemical industry and pharmaceuticals. The numbers for the first months of 2026 are even more staggering (+20%). This surge is destabilizing global trade dynamics: the EU's trade deficit with China reached €360 billion in 2025, and U.S. tariffs are further redirecting Chinese exports toward Europe. At the same time China's export controls on critical minerals creates persistent uncertainty for European value chains, since European firms are heavily dependent on China for critical raw materials. Despite China's assurances, licensing delays and supply interruptions persist.

This evolution is part of China's economic strategy that has shifted from low-cost mass production to high-tech leadership, driven by massive state investment and structural overcapacity. This overcapacity - deeply embedded in sectors like steel, chemicals, EVs, and clean-tech - is exported to global markets, undermining European industries. Virtually all major European industries are exposed: automotive, chemicals, pharmaceuticals, steel, high-tech and clean-tech.

The overall picture is urgent: China is evolving from partner and competitor to a systemic rival through state-driven overcapacity, technological upgrading, and strategic control of critical resources. Europe's industrial base is directly threatened: up to 55% of EU industrial output faces Chinese pressure, rising to 70% in Germany and about one-third in Belgium.

Their new Five Year Plan showcases their clear intention to continue in that direction, enlarging the scope of sectors where China wants to be the producer of the rest of the world at the expense of our own producers. When our companies invest in China, they find ways to discriminate them and force



them into technological transfers, or even outright steal their IP-rights. When Chinese firms invest in the EU, they compete unfairly due to Chinese state subsidies, they avoid technological transfers and they often bring their own Chinese workers, thus rendering the added value of their investments to nil or even a threat to our companies.

China also increasingly uses these economic dependencies as political leverage, as seen in its coercive actions against countries like Lithuania, South Korea, and Australia. Europe also faces growing risks from Chinese cyber operations, espionage, and Beijing's direct support to the Russian war economy. A potential conflict around Taiwan would have further dramatic consequences for semiconductor supply chains critical to Belgium and the EU.

We therefore need to acknowledge the systemic threat at the level of the European Council and act upon it to save our industries.

I am aware of the complexity of a possible reaction. Our interdependence is asymmetric, as we depend more on China than China on us. China has identifiable vulnerabilities vis-à-vis the EU in a few highly strategic sectors, but we are constrained due to our own firms being commercially exposed to the Chinese market in those same sectors. This 'reverse dependency' and the 'escalation dominance' by China that follows from it, do not make our leverage less real. It just makes it more difficult to use it credibly or to find agreement on it, due to the risk of immediate Chinese retaliation.

So the question is, are we ready to endure the pain? My answer is yes, as we have arrived at a point of no return in which we need to make difficult choices on the short term towards China to protect our industries, economies and the well-being of our citizens on the long term. Allow me to present you with a list of suggestions for the way forward:

First we need to agree on the diagnosis of the problem and the sense of urgency to act quickly among the institutions and the member states. We need a clear analysis from the Commission of how bad the situation is, overall and sector by sector, to help us come to the same conclusion.

Secondly, we need a strategic China plan from the Commission doing the following:

- Create a paradigm shift away from the triptych 'partner/competitor/systemic rival' and more in tune with current geo-economic realities. China is devastating our economies and we need to dare call things by their name and demand a relationship based on reciprocity.
- Develop a 'two track approach' in which we combine 'leverage based diplomacy' with concrete measures of self-protection. We need to keep the dialogue open and make constructive suggestions (MoU, Joint Declaration) towards a reinvigorated and more balanced relationship, but do so based on a tougher stance and readiness to hit back harder if China doesn't move on improved market access, technical barriers to trade, protection of IP rights and subsidies. Time is of the essence in view of US-China talks.
- Propose EU-actions in a coherent, 'whole of government' manner across all available instruments and sectors. There are winners and losers with every protective measure. We need to divide the pain fairly among Member States and businesses or we will never agree on concrete measures. EU-unity



will require a balanced approach. We also need to ensure compatibility between intra-EU measures for our internal market and industry with trade defense measures, safeguards or autonomous measures with a trade-related effect.

- Adopt an integrated value chain based approach, making sure that we take into account the impact of measures on all parts of the value chain, both upstream and downstream. Trade will always be part of the solution and although we need to protect ourselves, we should not fall into the trap of blind horizontal protectionism and evaluate per sector.

- Suggest coalitions beyond the EU: we need to cooperate with strategic partners like Canada, Japan, South-Korea, India and the US where we can, as we are all facing the same systemic problem towards China. Sectoral agreements (steel, CRMs, etc.) on measures against China or the creation of protective markets among likeminded immediately come to mind, but we have to be creative. EU-unity requires solidarity also in this realm: we should avoid bilateral agreements of member states with third countries that only protect one of us. Instead we should close ranks as EU and agree on collective outreach to avoid internal competition. We count on the Commission to make proposals to that effect.

In the broad range of measures to be taken in a holistic and value chain based way, allow me to highlight the following concrete ideas:

- Speeding up Trade Defense Instruments: we need to review internal procedures and decision making to react more quickly to necessities and reinforce DG Trade to make more parallel investigations possible. We should expand the use of temporary measures to its fullest legal possibilities. We should integrate singular TDI investigations into more horizontal, sectoral measures where necessary to speed up our response in sectors most in need, like chemicals.

- De-risking via diversification instead of de-coupling: to decrease risky strategic dependencies on China, for instance on CRMs, we need to find alternative sources. This means (1) accelerating the diversification of our network of strategic trade partnerships with agreements that tackle these issues concretely, (2) raising more awareness with industries on the risks of trading with China and the opportunities elsewhere, (3) developing our own course as EU, taking into account the developments of the US-China relationship and the fact that China is de-risking itself from the EU and the US by decreasing its own dependencies. That means further developing our own 'indispensabilities' to remain unavoidable for China in strategic value chains. This would neutralize the current Chinese escalation dominance.

- Anti-Coercion Instrument (ACI): there is disagreement on whether China is already coercing the EU, in particular through CRMs, or not yet. We should make up our minds and develop a concrete scenario where the trigger of the ACI makes sense and leads to concrete results. We ask the Commission to explain possible measures to be taken under the ACI in the field of services, investments or in other domains that require the ACI to act.

- Industrial Accelerator Act (IAA): is important new horizontal legislation we should agree upon quickly within the EU to make it implementable on the short term towards China. The creation of European 'lead markets' in strategic sectors where the EU wishes to protect itself against competition from China, like energy-intensive industry (chemicals, steel, cement) and the clean tech industry, is extremely urgent. Economic conditions for investments in strategic emerging sectors where China is dominant



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(batteries, solar panels, EVs, critical metals) must ensure that the investments are accompanied by technology transfers and create concrete added value for the EU, in line with Chinese requirements. We should carefully evaluate if and when we need to expand the scope of the IAA to other threatened strategic sectors. For instance:

· Develop EU technological leadership and knowledge security: areas like semiconductors (EU Chips Act 2.0), biotech, clean tech and space require both intra-EU and trade measures that should reinforce each other. Whilst the IAA and the FDI-Screening regulation foresee conditionalities on investments in the EU, we should also carefully scrutinize strategically risky EU investments and exports towards China. This also requires knowledge security through better controls of research activities in the EU and in China and better cyber and physical security of our networks (logistics, digital, energy).

In view of the urgency, I would like to request you and the Cypriot Presidency to put China on the agenda of the upcoming European Council retreat in Cyprus, in April.

Yours sincerely,

Bart De Wever