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# CONTEMPORARY WORLD *NIGERIA*

Voices from the Global South:  
Redefining Global Governance

The Global South  
in a Changing World Order

Significance and Pathways of  
Promoting AI Development  
Cooperation Between China and  
Other Global South Countries



**Global South and Global Governance**



On April 29, 2025, Member of the Political Bureau of the CPC Central Committee and Foreign Minister Wang Yi (R) met with Nigerian Foreign Minister Yusuf Maitama Tuggar, in Rio de Janeiro, Brazil.

(Photo/Xinhua)

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# VOICES FROM THE GLOBAL SOUTH: REDEFINING GLOBAL GOVERNANCE

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**T**he popular notion that the world is a global village negates the acute and persistent social, economic and political disparities particularly between the Global South and the North. While the two sides appear to be interdependent, their respective pace of growth and development has been profoundly unequal, leaving the Global South at a significant disadvantage. Current experiences ranging from the COVID-19 pandemic to the global economic crises, technological advancement and brain drain phenomenon continue to expose the structural vulnerability and disadvantages faced by the Global South. These experiences call for a change of strategy in the global governance structure that will protect the interests of all.

This is important considering the persistent social and economic realities in Global South countries. The unemployment rate in most Global North countries is single-digit, while in the Global South countries it remains abysmally high, often in the double digits. Similarly, the majority of the youths in Global South countries are Not in Education, Employment or Training (NEET). In the Global South, productivity has been slow due to the use of outdated technology, and health statistics have also shown fearful records of high maternal and child mortality, low life expectancy and stunting, among others. This Global South and North dichotomy has been so for centuries and there is no better time to demand structural and systemic changes than now, for a more peaceful, just and egalitarian global society.

## THE CURRENT SITUATION IN GLOBAL GOVERNANCE

It is not until recently that the Global South, which refers to the collective identity of nations in Asia, Africa, Latin America, and Oceania that share histories of colonization, exploitation, and underdevelopment, has come to understand that the battle between Washington and Beijing cannot resolve the underrepresentation of this region in the global governance space. Historically, global institutions such as the World Bank, the International Monetary Fund (IMF) and the United Nations were only established after World War II with the intention of promoting economic stability and development. However, these institutions have more often than not promoted the interests of the Global North with very little concern for the disadvantaged Global South. The Global South in fact is very relevant to these issues such as trade activities, health advancement, technology diversification and climate change.

During the COVID-19 pandemic, the global landscape of vaccine development, production and distribution reveals significant imbalances, with resources predominantly concentrated in the Global North countries. At the same time, it is important to note that scientific approaches to pandemic control proposed by various regions, including Africa, have not yet received due attention and adoption. Such a situation highlights the need to enhance fairness and inclusivity within the global health governance system.

In a similar manner, climate change is another con-

current but very profound global phenomenon that reveals imbalances in global governance, which disproportionately burden the Global South. It is on record that the majority of the carbon emissions that pollute the air and create the global warming crisis are from the Global North, yet there is no compensation for countries in the Global South. The Global North, which accounts for a significant share of global carbon emissions, leaves countries in the Global South disproportionately affected by the consequences of global warming, while the Global South is equally expected to develop and contribute to adaptation and mitigation measures. Till date, no compensation has been put in place for the Global South for such magnificent damages. The recent US-waged trade war is another testament to the fact that the world is only a global community in theory but not in practice. The unequal and unfavorable trade dynamics between the Global North and the Global South are significantly rooted in the North's dominance in high-value manufacturing and its control over key technologies. On the other hand, the Global South is expected to continue to supply raw materials and cheap labor to the Global North, and not so much can be done by the Global South as the major trade institutions around the world are controlled by the Global North. This situation has made it difficult for the Global South to move up the global value chain and to adopt any meaningful trade policy that will protect its own interest.

In addition to the Global North's dominance across the global social and economic landscape, the colonial



(Photo/C Photo)

*On May 24, 2025, following the United States' withdrawal from the Paris Agreement, the U.S. Environmental Protection Agency confirmed it was drafting a plan to remove all restrictions on greenhouse gas emissions from American coal-fired and gas-fired power plants.*

history of the Global North also gives it a strong diplomatic advantage over the Global South as it has wound major international institutions around itself and is able to shape global political narratives. The recent political rebirth in Africa's Sahel region demonstrates a pattern seen across the Global South, wherein nations are actively redefining their foreign relations by distancing themselves from former colonial powers and engaging with alternative partners. The legacy of colonial structures has scattered traces in the post-independence political systems in the Global South and sometimes hinders the emergence of a strong, independent and localized governance capability in these previously dominated regions. The intention to play the loyalty game has compelled some of these developing economies to be more committed to the interest of the former colonial powers than working towards their own growth. This tends to account for the leadership gap in some of these countries and this has also put diplomatic systems in the favor of the Global North. The current situation therefore points to the fact that the pillars of global governance are currently tilted more towards the Global North than the Global South.

And a change of strategy is required to create a truly equitable global governance system.

### **WHAT HAS STALLED THE GLOBAL SOUTH'S ENGAGEMENT IN GLOBAL GOVERNANCE?**

Generally, while there are external factors that have limited the rise of the Global South in global governance, there are also internal factors that need to be consistently resolved for any meaningful progress to take place. There is no doubt that the fate of the Global South is partly determined by the Global North with its firm grip over the global governance structure. For example, aside from China, the other four permanent seats on the UN Security Council are occupied by the United States, France, Russia and the United Kingdom, all of which are in the Global North. The influence of the Global North is also very profound in the global financial space as they are major contributors to global financial institutions such as the World Bank and the IMF, where countries from the Global North generally have major seats. This social and economic dominance makes the Global North a major hurdle for the Global South to rise to the occasion in terms of global governance.

However, beyond the external effect of the Global

North in the emergence of the Global South in the global governance system, there are internal factors that have made it difficult for the Global South to stand as a bloc and create a united system that will challenge the existing power structure. One of the major obstacles that has hindered the emergence of the Global South is the difference in national priorities. While the Global North has been able to secure a free trade system which has contributed to its economic sustainability, the Global South has not been able to achieve a unified interest. The economic interests of emerging world powers such as India differ from those of the developing economies in Africa. These imbalances have become a ground for competition rather than collaboration. While some countries in this region are focused on how to minimize the threat of climate change, others are racing towards dealing with national insecurity as well as the issue of trade imbalances. All of these complicate the possibility of a unified Global South governance agenda.

Similarly, the problem of political fragmentation and differences in governance models have also been a limitation to the growth and development of the Global South. There have been difficulties in achieving regional integration and establishing regional institutions that will compete favorably with others around the world. For example, since the establishment of the African Continental Free Trade Area (AfCFTA) in 2018, only 48 countries have been able to ratify the agreement as of February 2025. This slow pace of regional collaboration has made it difficult for the region to make major global governance changes. Rather than coming together to pursue a common interest like in the Global North, the Global South has been more focused on competing for national influence and this has limited its ability to develop a collective bargaining power for global governance.

The history of colonization also stands as a major problem that hinders the Global South's participation in global governance. The colonial history has made some of the countries in the Global South to be more committed to protecting the interest of their former colonizers than forming a new coalition. The majority of the countries in the Global South that have gained independence still hold a strong affiliation to the countries from which they secured independence. These ties greatly influence trade agreements, security decisions and other diplomatic choices on the global scale. This has led to the notion that some of these countries were only granted independence by ver-

bal declaration but not in practice. It is therefore clear that historical and economic differences play major roles in making the Global South unable to make any milestone impact on the global governance landscape to date.

## PATHWAYS FOR BUILDING AN INCLUSIVE AND EQUITABLE GLOBAL GOVERNANCE SYSTEM

Achieving an inclusive and equitable global governance system where both the Global North and the South are engaged in shared responsibility is possible if the right strategies are adopted. Some of the pathways to a more inclusive and equitable society include but are not limited to the following:

### Promoting Multipolar Systems

For several years, the world has moved from a unipolar, bipolar to a tripolar system which has always been to the advantage of a powerful few. The Global South can only be fully represented in the international governance arena when there is a multipolar system where each region has an advantage in contributing to global sustainability. However, for this to happen, there is need to first strengthen all regional institutions such as the Community of Latin American and Caribbean States (CELAC), the African Union (AU) and the Association of Southeast Asian Nations (ASEAN). These various blocs, which have the interests of member states at heart, can come together to form a stronger tie that will give the Global South more voice in global governance. Similarly, stronger ties



Photo/Xinhua

*The 36th Ordinary Session of the African Union Assembly kicked off on February 18, 2023, as African leaders, UN officials and leaders of various international organizations gathered in the AU headquarters, Ethiopian capital, Addis Ababa.*

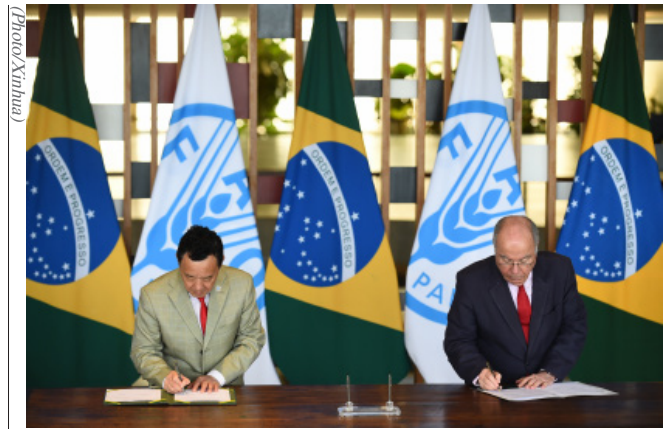
must be formed among Global South countries in the areas of technology transfer, trade, and financial assistance. This reform will move the world away from a system of single dominance in the global governance space to one with multiple centers of influence.

### **Institutional Reforms**

The need to give the Global South a voice in the global governance system cannot be overemphasized and one of the strategies to achieve this is to reform the power structure of most major international institutions. This will include improving representation of the Global South on major institutions such as the UN Security Council and other notable international financial institutions such as the World Bank and the IMF. It is only through adequate representation that the voice of the Global South can be heard in international decision-making processes. More than ever before, the Global South should begin to see incremental representation on an international scale across major international institutions that will ensure that the needs and interests of the Global South are properly aligned with the global governance system. These reforms are needed in order to make these institutions a true representation of the interests of the global population in the global governance structure.

### **True Independence**

The question that has continued to resonate in the mind of most citizens in Global South countries is whether or not their countries are truly independent states. Year in and year out, there are millions of people from the Global South moving to the North in pursuit of education and healthcare, which are basic services that should be available to all societies. Similarly, most of the Global South countries are still unable to resolve internal crises such as insecurity, food scarcity, the shortage of financial aid for infrastructural development, etc. This system of dependence after independence depicts a system which some have termed “modern day slavery”. The narrative needs to be changed by giving Global South countries true independence. This involves creating an enabling environment where local capacity can be built in resolving local problems, and external assistance should be provided only when necessary. Granting these countries the freedom to develop is critical to realizing true independence. It is also indispensable for sustainable growth and development in the Global South.



*On September 12, 2023, the Brazilian government and the UN Food and Agriculture Organization signed a series of agreements aimed at strengthening food and nutrition security, ensuring inclusive development in the Amazon region, and promoting South-South cooperation.*

### **An Improved Social Contract**

The social contract that exists between the Global North and the South is still lopsided. Issues around climate change, trade agreements, financial aid agreements and access to basic services such as health, education and technology transfer must be seen as an issue of equity and not just assistance to the Global South. The fact that the majority of the global carbon emissions are traceable to the Global North and that the South also supports the growth and development of the world through the supply of raw materials and labor, calls for renegotiation of the existing contract where no partner is a winner or loser. A just and equitable global governance system is possible when the world thinks about collaborating rather than competing, especially in the process of creating access to basic services. It is this kind of relationship that can create the kind of global governance structure where no one is left out or disenfranchised.

### **Purpose of the Global North and South Integration**

One of the major questions regarding the global governance balance between the Global North and the South is what is the purpose of this reform. The answer lies in the fact that there is no part of the world without peculiar challenges. The integration of the North and the South in the governance process is critical for addressing shared challenges and gaining quicker solutions to global issues. Global challenges such as food insecurity, climate change, pandemic and the movement of the displaced around the world can be properly resolved based on

shared commitment between the North and the South.

Similarly, sustainable development can only be achieved through a more unified governance system. Each year, most of the countries in the Global North spend billions of dollars as aid to countries in the Global South, which has now been considered as a misplaced priority by the Trump administration through the withdrawal of support to key institutions such as the World Health Organization (WHO) and other UN organizations. The aid is released because the Global South continues to suffer from underdevelopment despite its rich human and natural resources. Creating a more just global governance process will go a long way to contribute to the sustainable development and prosperity both for the Global North and the South.



Photo/Xinhua

*On February 27, 2025, delegates attended the Finance in Common Annual Summit in Cape Town, South Africa, co-hosted by the Development Bank of Southern Africa and the Asian Infrastructure Investment Bank, with the support of Agence Française de Développement.*



Photo/Xinhua

*On May 12, 2023, local farmers were harvesting hybrid rice in a high-yield demonstration field at the African branch of China National Hybrid Rice R&D Center near Mahicy town, Madagascar's capital Antananarivo.*

More than ever before, there is a continuous rise in the number of asylum seekers, refugees and displaced persons from the Global South to the North, which has intensified the pressure on the infrastructure and the security situation in the North. However, this border threat can be better resolved, particularly between Africa and Europe, if a more decent and habitable Global South is created through shared responsibility. It is therefore more appropriate to deal with these imbalances now through the building of a more dignified and habitable Global South, as it may become a huge global security threat in the future if left unresolved. Both the Global North and the South can achieve stability, peace and prosperity if every nation, whether in the North or the South, is provided with an enabling environment where everyone can thrive.

## CONCLUSION

One of the questions that have always been actively discussed by experts is whether the world has actually made significant progress in global governance since the First Industrial Revolution. This thinking, however, raises more questions than answers when opinions are weighed between scholars from the Global North and the South. This is because, more than ever before, the world is seeking a future world order that is more democratic, resilient and equitable in the global governance process. Most of the conflict for rights and privileges around the world can be attributed to the feelings of dissatisfaction between the Global North and South. The implication of this is that the current system seems to leave some groups more prosperous than others. And the current crises around the world will continue to balloon unless these differences are resolved.

Governance is about the people and true governance must take the interests of all groups to heart. This is the only way through which the Global North and South can be jointly prosperous. Efforts must be made to improve the Global South's capacity and strengthen their independence and sense of belonging, as this is important for Global South countries to bring their best ideas to the fore for sustainable global governance. No true prosperity can be realized in a world that is characterized by inequality, fear and undue dominance. It is only when the global governance system is reformed to be more equitable and effective that the world can be more peaceful and prosperous for all. 🇨🇳

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# THE GLOBAL SOUTH IN A CHANGING WORLD ORDER

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In the early 1990s, it became a mainstream, though controversial, opinion that the collapse of the Soviet Union and the demise of the Eastern Bloc were signs of the “end of history”. It was supposed that the Western alliance had definitely won the world supremacy struggle and that no force could put such evidence in doubt. At the helm of the Western alliance, the US seemed to be a forever-established superpower that no nation on earth could challenge. This opinion was not only based on the military, economic and scientific might of the US but also on the diplomatic influence and the soft power it has demonstrated.

About thirty years after the emergence of this evident supremacy that everyone thought to be eternal, the era we live in shows profound trends that announce groundbreaking changes on the international scene, the main element being the spectacular rise of China. To analyze the current changes we are witnessing, this article would try to define the emerging Global South, look at the rise of China, scrutinize the prospects that could be foreseen and examine how a united Africa could harness the shifting balance of power to achieve its strategic goals.

## UNDERSTANDING THE GLOBAL SOUTH

In fact, one of the driving forces behind the changes we are witnessing can be traced to people’s centuries-long fight for freedom, particularly the struggles of people in colonized and semi-colonized nations.

Casting a glance at the world map, we can notice that the colonizers were mainly Western European powers,

and the oppressed nations were mainly located in the Southern Hemisphere. African, Asian and South American nations were subject to aggression, occupation, colonization and coercion imposed by these imperialist powers, in total contradiction with the principle of national self-determination.

The historic 1955 Bandung Conference in Indonesia was an important milestone that issued fundamental principles aimed at guiding international relations among nations. The conference underlined the necessity of mutual respect for sovereignty, non-aggression, non-interference in internal affairs and peaceful coexistence among nations. This historical event was a precursor to the Non-Aligned Movement (NAM) formed in 1961. The focus of this movement was promoting peace and avoiding entanglement in the Cold War between the US and the then Soviet Union.

The demise of the Soviet Union not only made the NAM less relevant but allowed the US to affirm its hegemony in international affairs as the sole world superpower. This unchecked supremacy facilitated the US’s misuse of force in order to impose its global agendas, such as the 2003 Iraq war and the 2011 NATO invasion of Libya. These events have not only undermined the purposes and principles of the UN Charter but also have long-term negative impacts on international peace and security.

In addition, the western dominance expanded its tentacles through the US-financed International Monetary Fund and the World Bank to compel developing nations to adjust their programs to unfair tariffs and trade rules.



Photo/IC Photo

*On April 9, 2025, Brazilian President Lula addressed the 9th Summit of Heads of State and Government of the Community of Latin American and Caribbean States held in Honduras, stating that Donald Trump’s “arbitrary tariffs destabilize the global economy and inflate prices”.*

Large scale manipulated bankruptcies, the weaponization of currency and the supremacy of the U.S. dollar as the unique international exchange medium, completed a straitjacket that left little choice to other nations. While some American circles have instrumentalized the dollar as a weapon of world subjugation, the Franc of the Financial Community of Africa, or CFA franc, continues to be used in West and Central Africa, which some have argued as a neocolonial tool.

The global hegemony was expanded to the international financial operations system, where the Western powers took advantage of their control over the world banking messaging systems to illegally impose their agendas. By compelling other states to change policies contrary to their own agendas, Western powers have the ability to freeze foreign financial assets unilaterally.

To face this hegemonic unipolar world order, nations began resisting by coordinating their foreign policies and strengthening their economic ties. China was the driving force of this movement through many initiatives, such as the establishment of the Shanghai Cooperation Organization in 2001 and the BRICS summit since 2009. These international organizations have now expanded to include many nations whose deepening cooperation has successfully resisted an unbalanced global relationship. Since the dominant nations are mainly located in the Northern Hemisphere, the nations under oppression and resisting hegemony were designated as “Global South”, even though some of the Global South countries are not

located in the Southern Hemisphere.

In fact, the “Global South” concept is as much a political as a geostrategic term, giving a collective identity to nations opposing unilateralism, hegemony, and the use of coercion in the international arena. These nations have shared values like the respect for sovereignty, non-interference in the internal affairs of states, multilateralism, dialogue and concertation for the good of humanity.

The main point on their common agenda is to strengthen their economic and financial ties and to build a bloc able to lift their people out of poverty while safeguarding their national sovereignty. As part of the Global South, the African countries face multiple challenges and look to their leadership to seize the opportunities presented by the new global configuration to achieve the long-held goals of generations of African leaders.

### **OPPORTUNITIES OFFERED TO A UNITED AFRICA WITHIN THE NEW GLOBAL CONTEXT**

The African continent’s depiction on the world map



*On April 10, 2025, the China-SCO Conference on Industrial Cooperation for Sustainable Development was held in Tianjin, China.*

often fails to convey its vast scale of around 30 million square kilometers. In fact, this huge area, where the history of humanity first began, could encompass the territories of China, the US, India, Western Europe and Japan combined. This region, rich in mineral resources, energy and agricultural land, is home to an estimated 1.56 billion people, most of whom are young (about 70% of sub-Saharan Africa's population is under the age of 30), ambitious and eager to get out of poverty, disease, and ignorance.

Africa possesses all the human and natural resources necessary for sustainable development and prosperity. The main obstacle to Africa's development is the disunity of its 54 countries, which are separated by artificial boundaries. Facing the threat of fragmentation in the early years of independence, the forefathers of Pan-Africanism have envisioned a politically united continent as a condition for Africa's real sovereignty and prosperity. Now the main task for the modern African leadership should be to unite and shift to a sound and durable strategy that facilitates progress in every domain of life.

The rise of the Global South, with China as its driving

force, has given African nations an alternative path to achieve sustainable development, freeing them from the centuries-long dynamic of confrontation with oppressive European colonial powers.

The Western powers, particularly the European powers, have always considered Africa as a source of raw materials for their industries and a market for their manufactured products. Such a colonialist ideology, which once dominated Africa before independence, continues to influence Western approaches to the continent. A key feature of those approaches is to suppress the industrialization of the continent. This is evident in policies that, on one hand, restrict African nations' access to high technology, and on the other hand, prevent African nations from establishing alternative partnerships that could foster a real industrialization process.

Nowadays, the cooperation with new partners like China, presents a historical opportunity for Africa to develop its economy, access modern technology and build an indispensable industrial foundation. In this context, the local processing of raw materials, instead of exporting them all, should be a key element of Africa's negotiations with new partners.

Considering the depth of their historical relations, China and African Nations can certainly find proper solutions to addressing these apparently competing interests. Moreover, considering the weakness of the intra-African trade (accounting for around 15% of the continent's total trade), African nations should leverage the Chinese expertise to build a continental transportation network to break the artificial boundaries inherited from the colonial domination. In this regard, China's Belt and Road Initiative is an opportunity for Africa to expand a modern and diverse network, allowing it to get rid of colonial sequels.

In fact, the real role of these imposed boundaries was to isolate the African neighboring countries and hinder their links, so as to better achieve European powers' goals. So, building a new transportation network to promote communication, exchanges and trade among African citizens will complete the continent's liberation process. In light of this, restricting people's free movement not only undermines the prosperity and social progress but also represents an important violation of a fundamental human right. This violation, irrationally maintained after the continent's liberation, has not only separated millions of families and ethnic groups but also exacerbated poverty.



Photo (CNS)

Moreover, pan-African scholars see a link between artificial borders and the expansion of terrorism and illegal trafficking. This observation explains why the criminal economy mainly thrives in these isolated and insecure areas. This is a solid argument to integrate these remote regions through a modern pan-African transportation network, allowing the people living there to find legal alternatives to the criminal economy.

As a Chinese proverb says, “If you want to be rich, build roads first”, the development of transportation networks of roads, bridges, sea lines, river lines, ports, railways, and airways will fundamentally change the economic landscape of Africa by improving integration and boosting intra-continental trade.

Besides, Africa should strengthen its cooperation with China in terms of cultivating human resources to enable its people to undertake the huge task of the nations’ economic and social development.

We have witnessed with deep sorrow the risks that young Africans have taken to trudge across deserts and oceans to make themselves a way out. Great efforts to promote education should be made to give opportunities to these young Africans and to redirect their motivation and energy towards building their own homelands. National development, social achievement and economic growth require a solid scientific and technical foundation that can only be forged through systematic investment in education and training.

For this purpose, the African nations could plan and work together to build a network of universities and regional training centers of all kinds, aimed at cultivating talents needed in diversified areas. Such multinational initiatives could benefit from the support of friendly nations like China and reverse the “brain-drain” many countries experienced in sending students abroad.

Though China has made great efforts to offer tuition and accommodate a growing number of young African students, African nations should keep working together regionally and coordinating the building of education and research centers to provide platforms for African students to communicate with Chinese and other nations’ scientists.

Such education and research centers should focus on key domains like cyberspace, environment, agriculture, geology, human and veterinary medicine. The establishment and funding of such intra-African and world-oriented research centers would foster a deeper understanding

of Africa’s potential and break the isolation many African scientists feel.

By promoting economic prosperity, African nations should also address important security concerns linked to the rise and expansion of violent extremist groups which threaten to destabilize the whole continent. Terrorist groups, illicit traffickers and smugglers remain active in many regions of the continent. These activities surged following the 2011 military intervention in Libya, which led to the collapse of the state and its security apparatus.

Facing this existential threat, African nations need to put aside their differences and build credible regional security networks to confront this expanding violence. Understanding that terrorism knows no borders and building a large cross-border security strategy, will help African nations develop their own internal strength and preserve their sovereignty while attracting international support. In this fight, self-confidence and solidarity are the bedrock for African states to forge regional security networks which are able to confront destabilization while simultaneously advancing economic and social development.

In this regard, partners really interested in developing a beneficial long-term cooperation with African nations will easily understand the relationship between economic investment and a secure and stable environment. This understanding will serve as an incentive to develop friendly and mutually beneficial security cooperation.

So, while some Western powers falsely see in a destabilized Africa an opportunity to tighten their grip for shortsighted interests, friendly partners of the Global South are keen to support Africa in building its own security networks without foreign interference.

The support to the African security sector could take several forms. While weapons and logistics may represent a priority for arms industries and some officials, the long-term focus for African nations should be cultivating a skilled, law-abiding, and trustworthy security workforce.

Only such a workforce could be able to protect the constitutional framework of states, understand and adapt to the evolving security environment. Otherwise, focusing on equipping undisciplined and ill-educated forces will be counterproductive for securing states organs, lives and property while working with African counterparts to ensure regional and continental security.

It is also important to note that while performing national security duty requires well-educated, well-trained

and motivated forces, it should totally exclude extra-African regular forces, foreign contractors and mercenaries.

This policy entails recruiting the best graduates from the African education systems and, with support from friendly partners where needed, constructing military academies and regional training centers. These institutions should focus on developing agreed-upon standard procedures and building trust among partners.

For this outcome, African parties should, before separately negotiating with foreign partners, reach a consensus on formulating a common strategic framework and a *modus operandi*. This agreed-upon strategic framework will enable the fielding of standardized and interoperable equipment, and therefore streamline maintenance and logistics while ensuring seamless coordinated operations.

African nations should, when contracting with foreign nations, stay alert to possible embargoes and unilateral sanctions that some countries have recently experienced from Western powers. Considering these risks, African security sectors should take necessary measures to reduce their dependence on Western firms which are able to jeopardize agreed-upon contracts for political motivations.

Hence it would be wise for African security sectors

to consider initiating the building of regional industrial units that are able to produce non-lethal products, and then light weapons and ammunition.

Ultimately, one can argue that nations of the Global South now have a viable path to reduce their dependence on Western industrial production, a possibility demonstrated by the historic and unprecedented progress of China's transformation. A united Africa is now in a strong position to follow this upward trajectory.

### AFRICA'S MOMENT: NEW POSSIBILITIES IN AN ERA OF CHINA'S RISE

The extraordinary rise of China that the world has witnessed during the last forty years represents a rich source of inspiration for many developing nations. This historic achievement has transformed China not only into the "world's factory" but also more importantly, into the center of gravity of the world economy, scientific research and innovation and international trade. This rise has triggered a global rebalancing of power, shifting influence from the West toward Asia and the Global South.

Examining this unique process, one can notice how



*On November 22, 2024, at the 2024 World Vocational and Technical Education Development Conference, Kate (R) from Ethiopia was demonstrating to a visitor the industrial robotics engineering application training platform at the Ethiopian Luban workshop exhibition stand.*

critical a transformational leadership could be in accelerating a nation's history and in triggering a profound motivation for reform and progress. In addition, China's effort to open itself to the world by preserving the essence of its culture and traditions and maintaining its political stability, has revealed how flexible and agile its governance system can be.

Making such a gigantic leap in a relatively short period of time in a nation of 1.4-billion population, shows how visionary and highly skilled the Chinese leadership has been. The impacts of this achievement have shocked the whole world and shown many developing nations an inspiring path to prosperity based on self-reliance and openness. In this process, a key element worth noticing is how critical education represents in lifting nations out of poverty by constructing a science-based society.

One can predict with a reasonable certainty that the whole results of this transformational process, which is still ongoing, will propel China at the helm of the world economy and technology in a foreseeable future. This inevitable process will accelerate and profoundly affect the evolution of the international landscape. While creating growing concerns in the West, the rise of China has awakened hopes for qualitative changes in the world order for developing countries.



*On June 11, 2025, the Ministerial Meeting of Coordinators on the Implementation of the Follow-up Actions of the Forum on China-Africa Cooperation was held in Changsha, Hunan Province. Member of the Political Bureau of the CPC Central Committee and Foreign Minister Wang Yi(C) attended the opening ceremony and read out the congratulatory letter from President Xi Jinping.*

The question for African nations is how they could coordinate their policies to speak with a unified voice. This is crucial to engaging with China, a partner that views Africa as an ally and is committed to building a diverse and mutually beneficial relationship. To this end, Africa will need visionary leaders able to understand the historical momentum created for lifting the continent out of poverty, ignorance and political fragmentation.

African leadership now faces the historic challenge of capitalizing on this momentum to achieve the continent envisioned by forefathers like Kwame Nkrumah. By funding and building the African Union headquarters in Addis Ababa, China has sent a powerful political signal: it is betting on a united and stable Africa. African leaders must correctly interpret this message, which underscores China's preference for a cohesive Africa over a fragmented one.

Unlike such a positive intention, some old European colonial powers consider with a touch of cynicism that a united Africa would be a threat to their interests, revealing these powers' real purpose of using their assistance and influence to ignite conflicts and distort the pan-African discourse.

## CONCLUSION

Our era is witnessing a global transformative process that has already shifted the global balance of power towards Asia and the Southern Hemisphere. China, which has undergone in the last forty years a gigantic economic, scientific and technological transformation, is on the way to becoming the center of gravity of the global progress. This prospect presents a unique and historical opportunity for Africa to learn from this successful experience and lift itself out of poverty, underdevelopment and fragmentation.

For such a groundbreaking event to happen, Africa needs a united and visionary leadership to free itself from past illusions, to apprehend the challenges the continent faces, and to seize the opportunity this geopolitical shift offers.

Africa's transformational leadership depends on its people—the intelligentsia, youth and diaspora—and their unwavering commitment to a united continent as the foundation for its renaissance. Africa, as the cradle of the humanity, will surely win this fight for the good of the whole of humanity. 🇷🇺

# SIGNIFICANCE AND PATHWAYS OF PROMOTING AI DEVELOPMENT COOPERATION BETWEEN CHINA AND OTHER GLOBAL SOUTH COUNTRIES

Xu Jian

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Artificial intelligence (AI), as a strategic technology leading the new round of technological revolution and industrial transformation, has profoundly changed the way humans produce and live. The Communist Party of China (CPC) and the Chinese government attach great importance to AI development and have improved top-level design and strengthened implementation efforts in recent years, driving a holistic and systematic advancement of China's comprehensive AI strength. In contrast, many other Global South countries, due to limitations in technology, capital, and material resources, lag far behind developed countries in AI development, further widening the global intelligence divide. On April 25, 2025, the Political Bureau of the CPC Central Committee held its 20th collective study session on strengthening the development and regulation of AI. During the session, noting that AI can serve as a global public good that benefits humanity, General Secretary Xi Jinping emphasized that it is important to carry out extensive international cooperation on AI, help Global South countries strengthen their technological capacity building, and make contributions to bridging the global AI divide. These important remarks made by General Secretary Xi Jinping not only expound the significance of promoting AI development cooperation between China and other Global South countries, but also point out the pathways for future efforts.

## AI DEVELOPMENT COOPERATION BETWEEN CHINA AND OTHER GLOBAL SOUTH COUNTRIES CONFORMS TO THE TREND OF THE TIMES

For a long time, a few developed countries have relied on their domestic tech giants and through technological monopolies and standard barriers to form “digital hegemony”, thus excluding most developing countries from the core circles of AI development and global governance. In essence, AI development cooperation between China and other Global South countries is a historical breakthrough by emerging countries against the Western technological monopoly. By jointly building an open-source technology ecosystem and collaboratively formulating cross-border data flow rules, the Global South is breaking through the monopoly of a few developed countries on core algorithms and computing power infrastructure and embedding the demands of developing countries into the global AI governance framework. This process of technological multi-polarization will not only break the “digital hegemony”, but also ensure “leaving no one behind” as committed by the United Nations 2030 Agenda for Sustainable Development. Taking the cross-border AI computing power sharing network led by China as an example, its distributed architecture enables Southeast Asian countries to access intelligent computing resources at low cost, thus rewriting the tra-



*On April 29, 2025, visitors were watching a spraying demonstration of agricultural drones made by Chinese tech company DJI, at the 2025 Brazilian Agricultural Technology Exhibition held in Ribeirão Preto, São Paulo State, Brazil.*

ditional innovation landscape dominated by developed countries and reshaping it into a distributed, multi-node model. If the Global South collectively transforms from passive recipients of technical rules to joint formulators, the international order will accelerate its evolution to be fairer and more just.

The South-South cooperation on AI is injecting practical connotations of the digital era into the concept of a community with a shared future for mankind. The traditional model of technical assistance essentially involved packaging and transferring ready-made technologies to developing countries. While this “giving a man a fish” approach could address short-term needs, it tended to foster long-term dependency. In the new era, China’s international development cooperation places greater emphasis on “teaching a man to fish”—the two sides no longer confine themselves to the simple transfer of technical products, but work together in the entire process of technological R&D. Under such a cooperation model, China provides a basic technical framework, integrates

it with the localized practical needs and data resources of its developing partners, and continuously optimizes technical solutions through continuous interaction. This approach not only ensures the advancement of core technologies but also enables technologies to adapt to the development realities of different regions, achieving a paradigm upgrade in technical assistance models. In terms of rule-building, China and other Global South countries can formulate data sovereignty frameworks through consultation, jointly establish algorithm transparency evaluation systems, and promote the implementation of regional cross-border data flow agreements, so as to enable compliant sharing of global public goods such as climate monitoring and biodiversity conservation. This approach, which breaks down development barriers through technological mutual trust and promotes civilization coexistence through digital inclusion, marks the substantive advancement of “a digital community with a shared future” and aligns with the general trend of global political civilization development.

## CHINA'S ACHIEVEMENTS IN AI ACCORD WITH THE DEVELOPMENT NEEDS OF OTHER GLOBAL SOUTH COUNTRIES

At present, Global South countries have enormous demands for AI technologies. For one thing, pillar industries such as agriculture, mining, and textiles generally face problems like low production efficiency and insufficient momentum for industrial value-added growth, making intelligent upgrading of traditional industries a common appeal. Against this backdrop, Global South countries expect to accelerate the deployment of key technologies such as the Internet of Things (IoT) perception systems, industrial big data platforms, and intelligent prediction models, so as to empower industrial transformation by reconfiguring competitive edges. For another, amid rapid urbanization, Global South countries generally suffer from structural challenges including unbalanced distribution of medical resources, unequal access to education, and weak disaster emergency response capabilities. China's long-term technical practices and experience accumulated in smart health-care, educational informationization, and disaster prevention and control provide feasible pathways for cooperation with its Global South peers.

China's comprehensive capacities in AI create multi-dimensional conditions for cooperation with the Global South. In terms of hardware supply, relying on the world's leading electronic information manufacturing clusters, China has formed a complete industrial chain, ranging from AI chip design and sensor manufacturing to intelligent terminal assembly. This has created a virtuous cycle of scale advantages and technological innovation. Notable breakthroughs have been made in core technologies in areas such as integrated circuits, large-scale application of BeiDou Navigation Satellite System, AI terminals, and new display technologies. This production capacity can not only boost the R&D of high-end computing power equipment, but also provide customized solutions tailored to the needs of Global South countries. In terms of technical application, China's technical experience based on its enormous market is of significant reference, especially in smart cities and industrial internet. By addressing technical challenges in complex scenarios such as high population density, diversified industrial forms, and unbalanced regional development, China has developed a complete implementation pathway from data governance to algorithm optimization and then to system deployment. This experience offers

direct reference for Global South countries eager to rid of traditional development models. In terms of institutional innovation, China's "government-regulated + market-driven" collaborative model demonstrates unique advantages. As this approach balances strategic orientation and market laws, it provides a more feasible institutional reference for technological late-comers to balance technology introduction and independent development.

## AI DEVELOPMENT COOPERATION BETWEEN CHINA AND OTHER GLOBAL SOUTH COUNTRIES FACES CHALLENGES

As a core field in global technological competition, AI has become an important focus for Global South countries to deepen cooperation and reshape the international technological landscape. However, China and other Global South countries still face multiple challenges in AI development cooperation in aspects such as technology, governance, and geopolitics, which requires systematic coordination and breakthroughs.

First, insufficient technical capabilities and a shortage of talent. Firstly, Global South countries generally suffer from weak digital infrastructure. Many of them have inadequate computer performance, limited network bandwidth, and relatively backward data center infrastructures, making it difficult to meet the requirements of AI applications for massive data storage and efficient processing. The infrastructure shortage means that most Global South countries lack the high-performance computing clusters needed to support AI development, severely limiting their ability to participate in AI research, development, and applications. Secondly, Global South countries have multiple external



From February 20 to 21, 2025, Côte d'Ivoire's first International Artificial Intelligence, Defense, and Space Exhibition was held in Abidjan, the country's economic capital.

dependencies in core technologies. Although China has made breakthroughs in AI algorithms and applications in recent years, it is still constrained by the U.S. and Western countries in basic fields including high-end chips, computing equipment, and industrial software. China has yet to form large-scale production capabilities in some key AI technologies such as specialized AI chips and high-precision sensors, rendering its underlying technology ecosystem vulnerable to fluctuations in international supply chains. Thirdly, there is a shortage of top AI talent in Global South countries. This is partly due to the systematic lag of the education systems in the nations of the Global South and partly due to the brain drain into developed countries. In less developed countries in Africa, Latin America, and Asia, educational resources for science, technology, engineering, and mathematics (STEM) at the primary education stage are severely scarce. Rural schools generally lack laboratory equipment, computers, and internet facilities. Teachers have insufficient interdisciplinary teaching capabilities. This makes it very difficult to improve students' research skills. At the same time, according to a report by the U.S. think tank MacroPolo, there is an obvious concentration of top global AI talent. The U.S., with its sound scientific research environment and generous remunerations, is home to 60% of the world's top AI R&D institutions and has attracted 77% of non-U.S. top talents to stay and work in the U.S., draining the leading talents of the Global South.

Second, disparate governance pathways and fragmented rules. AI governance in the Global South shows deepening fragmentation, as is reflected in the enormous disparities in regulatory frameworks and the lack of consensus on value concepts. In nature, this stems from the structural problems of imbalanced technological power distribution and insufficient governance capabilities of developing countries. China has currently issued multiple policy documents, such as Guiding Principles for the Governance of New-Generation Artificial Intelligence: Developing Responsible AI and the Interim Measures for the Management of Generative Artificial Intelligence Services, basically forming an AI governance system covering multiple dimensions including ethical principles, laws and regulations, and regulatory systems. However, AI governance in most Global South countries remains in the legislative exploration stage, creating a gap in governance systems. Although regional organizations like the African Union (AU) and the Association of Southeast Asian Nations (ASEAN) have introduced documents such as AU's Continental

Artificial Intelligence Strategy and the ASEAN Guide on AI Governance and Ethics, many of the provisions directly apply the standards of the European Union or the United States, lacking localized innovation. Furthermore, cultural and value differences among countries make governance cooperation more difficult.

Third, external interventions and geopolitical risks. The external risks faced by China and other Global South countries in AI cooperation mainly fall in two categories: technological "supply disruption" and geopolitical "hedging interventions", which together pose cooperation barriers and add to the complexity of global technological power games. The dependence of the Global South on external core technologies has provided a leverage for developed countries such as the U.S. to implement "supply disruptions". The U.S. has restricted the export of advanced chips to China through the CHIPS and Science Act and joined allies in enforcing "long-arm jurisdiction" over semiconductor equipment, design tools, and other sectors. Such measures not only constrain the technological upgrading of China's domestic AI enterprises, but also affect cooperation projects in the Global South due to spillover effects on the industrial chain. The U.S. has continuously pressured other Global South countries to reduce or terminate cooperation with Chinese enterprises, forcing them to "take sides" in AI cooperation. In 2023, the U.S. and India signed the Initiative on Critical and Emerging Technologies (iCET), committing to close cooperation in AI and other fields. This has in reality turned India into a testing ground for technological "decoupling" from China. In 2024, the U.S. pressured G42, the largest AI company in the United Arab Emirates, to terminate its cooperation with China and enter into a technical cooperation agreement with the U.S.-based Microsoft. By distorting technological cooperation into a tool for bloc confrontation and attempting to maintain its hegemony through a "digital iron curtain", the U.S. has impaired the solidarity of the Global South and further divided AI collaboration within the Global South.

### **MAIN PATHWAYS FOR BOOSTING AI DEVELOPMENT COOPERATION BETWEEN CHINA AND OTHER GLOBAL SOUTH COUNTRIES**

As a responsible major country, China actively promotes AI development cooperation with other Global South countries, builds a multi-dimensional collaborative development framework, and shares the dividends of AI

development. To boost the AI development of other Global South countries and narrow the intelligence divide, China can focus on mechanism building, industrial collaboration, and talent cultivation to further deepen AI development cooperation with other Global South countries.

First, building and strengthening mechanisms for multilateral exchange, cooperation, and knowledge sharing. Firstly, international public goods in AI should be provided and actions to help Global South countries to benefit equally from AI development should be hailed. Committed to bridging the intelligence divide, China is working to strengthen AI rules governance within multilateral frameworks such as the United Nations and the G20, establish AI ministerial meeting mechanisms, and solidly promote the implementation of its proposals including the Global AI Governance Initiative, Shanghai Declaration on Global AI Governance, and the AI Capacity-Building Action Plan for Good and for All. China encourages all parties to enhance coordination on key issues such as development strategies, governance rules, technical standards, and ethical principles, so as to enhance political mutual trust, reduce policy differences, and build international consensus. Secondly, the diversity of world civilizations must be fully respected and dialogue networks on technical ethics and multiculturalism be expanded. On the basis of mutual respect and equal treatment, China respects different historical and cultural traditions, core interest demands, and identity concerns of Global South countries, as well as their preferences for AI technical ethics and multicultural narratives. China has taken concrete actions to address differentiated concerns such as algorithmic discrimination concerns of African countries and data sovereignty issues facing Latin American countries. Thirdly, AI intellectual property and technology sharing platforms should be established to create an inclusive global technology ecosystem and ensure responsible technology flow and fair utilization of data resources. Global or regional organizations such as the Group of Friends for International Cooperation on AI Capacity Building and the World AI Conference & High-Level Meeting on Global AI Governance should be fully leveraged as platforms for exchanges and communication. Timely assistance should be provided to the Global South in building AI infrastructure, promoting R&D of AI models, and constructing application corpora. Meanwhile, attention should also be paid to security and privacy protection in cross-border data flows, and a security risk classification and supervision system throughout the full life cycle of AI

should be improved to ensure that AI is safe, reliable, and controllable.

Second, expanding the value co-creation network for industrial collaborative development in key areas. Firstly, China can work with other Global South countries in setting up science and technology centers and innovation parks to accelerate the digital and intelligent transformation of enterprises. Measures need to be taken to encourage leading tech enterprises in China and other Global South countries to jointly build AI industry incubators. This will not only provide legal consultation, technical support, and capital docking services for settled enterprises, but also create new jobs and drive the high-efficient development of local intelligent economy. Efforts also need to be taken to encourage various enterprises to enhance their technological capabilities and accelerate the popular application of AI technologies. Secondly, international cooperation in AI industry supply chains needs to be deepened. In light of the localized needs of Global South countries, “AI+” models can be promoted to empower multiple industries and release the dividends of AI as a new productive force. Some instances are as follows: First, “BeiDou + Agriculture” precision and smart production models can be applied in Brazil, Ethiopia, Southeast Asia and other regions. These models, by monitoring in real-time crop growth environments, pest conditions, and meteorological changes, can achieve precise sowing, fertilization, and irrigation, optimize crop resource allocation, and improve agricultural production efficiency and product quality. Second, China can assist



*On May 22, 2024, participants in the “Capacity building for Latin American and the Caribbean delegates in agricultural technology or rural livelihoods and food systems under FAO-China SSTC” programme visited the Jiangsu Academy of Agricultural Sciences for an exchange.*

regions like Africa and Latin America in building a full-cycle digital medical system covering prevention, diagnosis, treatment and rehabilitation. The two sides can jointly develop AI-assisted diagnosis platforms and infectious disease monitoring and early warning systems to realize remote diagnosis and early disease screening. Third, leveraging South Africa's strengths in FinTech and India's advantages in information technology service, China, South Africa and India can work together to expand inclusive finance and digital trade networks, build transnational digital currency settlement systems, and promote digital identity authentication and electronic invoice mutual recognition mechanisms. These efforts will strengthen industrial chain coordination and regional economic development among countries in the Global South. Fourth, China can offer integrated hardware-software technical solutions to help energy exporters like Saudi Arabia and Egypt develop "AI + Energy" industrial development models to explore the integrated development of high-tech industries and energy industries and achieve efficient energy extraction, management, and utilization.

Third, building an integrated AI talent joint training system with the participation of governments, industries, universities and research institutions. Firstly, transnational education platforms can be established to enhance the digital proficiency of talents in the Global South. Moving faster to implement the outcomes of the UN Future Summit, China, based on the experience of Luban Workshops, can encourage institutions of higher education and vocational schools to cooperate with its Belt and Road Initiative (BRI) partner countries, BRICS members and partner states in running schools, and jointly building colleges of AI application technology and AI laboratories. These measures will strengthen AI capacity building in Global South countries and improve the digital proficiency of local talents. Secondly, an industry-education-integrated technology incubation network can be established and AI joint training bases be built. China can work with its leading tech enterprises such as Huawei, Tencent and Inspur to provide computing power equipment, algorithm frameworks, simplified toolkits and technical training support for AI R&D in Global South countries. In this process, local teams will be responsible for data collection and scenario adaptation to carry out joint research on large models. In line with the development needs of industries of local features in the Global South, localized AI application projects can be jointly developed to help

students find diverse practice opportunities, broaden horizons, and further enhance professional skills and overall capabilities. The process of mutual recognition of international qualifications for professional and technical personnel should be gradually improved to form a closed-loop talent joint training system of teaching, training and certification. Thirdly, the two-way flow mechanism for AI talents needs to be improved to facilitate talent flow channels. "Mutual Employment Plan for Chief AI Scientists", "Digital Silk Road Young Scholars Program" and "Algorithm Engineers in Enterprises Program" can be launched and the "South-South AI Special Scholarship" can be added. AI capacity building seminars should be continuously held. Chinese scholars should be encouraged to enter partner universities in other Global South countries to carry out region- and nation-based studies, and young talents from other Global South nations should be invited to participate in R&D programs in leading Chinese universities and enterprises. The visa approval process for AI talents needs to be simplified and a pilot "white list" system for key countries and regions can be introduced to promote the cross-border flow of AI talents.

In the era of rapid AI development, the cooperation between China and other Global South countries not only conforms to the historical trend of technological transformation, but also reflects the common aspirations of developing countries for independent development, technological security, and fair governance. China has accumulated rich experience in AI basic research, engineering applications, and industrial ecology, and possessed the resources and capacity needed to promote international cooperation. Other countries in the Global South, on the other hand, boast vast application scenarios, strong development needs, and enormous digital potential. The synergy between the two sides is expected to unleash new momentum for the mutually beneficial South-South cooperation. Looking into the future, following the example of cooperation between China and other Global South countries, the international community should build multi-level and sustainable AI cooperation mechanisms with a more open and inclusive concept, to turn project cooperation into strategic coordination and upgrade technological empowerment to capacity building. Such efforts will contribute to international cooperation in AI capacity building, equip countries with intellectual wings for collaborative development, and actively advance the building of a community with a shared future for mankind. ■

# THE IMPLICATIONS OF THE UNITED STATES' TRADE AND TARIFF POLICIES IN THE GLOBAL SOUTH

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In over 200 years of the history of the United States, tariffs have been a vital aspect of the public policy and source of revenue for the U.S. government, which has led to the implementation of various trade and tariff policies from protectionism in the prewar years to trade liberalization in the immediate aftermath of World War II.

Since January 20th, 2025, the Trump administration has implemented a series of high-intensity tariff policies targeted against its global trade partners so as to reduce the U.S. trade deficit, protect domestic industries, and reshape global trade rules. This “tariff war” has greatly impacted traditional trade partners such as Canada, Mexico, China, the European Union (EU), Japan, and South Korea, with U.S.-China tariff confrontations being particularly intense. Tariffs on Chinese goods reached as high as 145% by April 2025, which prompted retaliatory measures from China. After multiple rounds of negotiations, both sides issued a joint statement reducing tariffs to an average of 25% and extending the “reciprocal tariff” suspension until August 1st, 2025. However, Trump’s tariff policies remain its profound effects on the global economy, particularly in over 150 countries with smaller trade volumes as compared to the U.S., including those in Africa, Latin America, the Middle East, Southeast Asia, and the Caribbean.

Trump’s tariff policies have highlighted the longstanding tendencies of the U.S. toward unilateralism, protectionism, and hegemony, while aiming to consolidate global influence through economic measures. Historically, the U.S. has used tariffs to shape the international economic

landscape, such as the Smoot-Hawley Tariff Act (SHTA) of 1930, which led to a 66% drop in global trade between 1930 and 1933, exacerbating the Great Depression. After World War II, the United States reinforced its economic dominance by leading the creation of global trade rules through the General Agreement on Tariffs and Trade (GATT) in 1947. The current tariff strategy continues this approach, using economic pressure to reshape the global trade order in favor of American interests.

Therefore, it is essential to examine the historical development of the U.S. trade and tariff policies and their impacts on the Global South, evaluate recent tariff measures, and identify effective strategies for Southern nations to address these challenges.



*On July 31, 2025, the U.S. announced that goods exported from Lesotho to the U.S. would be subject to a 15% tariff, dealing a devastating blow to Lesotho’s textile industry.*

## THE U.S. TRADE AND TARIFF POLICIES IN HISTORICAL PERSPECTIVE

From 1798 to 1913, tariffs accounted for between 50% and 98% of the U.S. government's federal income. However, in the post-depression years, the U.S. moved away from protectionism in the form of harsh tariff policies to trade liberalization. The Reciprocal Trade Agreements Act (RTAA) of 1934 laid the groundwork for modern U.S. trade policy by empowering the U.S. President to negotiate tariff reduction agreements with individual countries without congressional approval. This enabled the U.S. to forge numerous bilateral trade agreements in the late 1930s and early post-World War II period, paving the way for GATT in 1947, which established a comprehensive global trade framework.

During the Cold War, U.S. trade policy focused on restricting trade with communist nations, particularly China and the Soviet Union. The U.S. leveraged GATT to advance its trade objectives, undermining GATT's claims of inclusivity and universality. Tariff reductions under GATT applied primarily to market economies, not automatically extending to centrally planned economies, which highlighted challenges in achieving universal trade liberalization. Consequently, GATT adopted a bilateral approach to multilateral tariff negotiations. The U.S. also pursued regionalism to strengthen strategic alliances, notably supporting a waiver for the European



*On April 17, 2025, Washington, D.C., United States, in the curtain raiser address of the 2025 Spring Meetings of the IMF and the World Bank Group, IMF Managing Director Kristalina Georgieva stated that a reboot is happening for the global trading system, and the world economies face new challenges.*

Economic Community (EEC) under the 1957 Treaty of Rome, despite its discriminatory and restrictive nature, to bolster a key Cold War ally. However, the EEC prioritized regional interests, refusing to compensate for its common external tariff during the Dillon Round (1959-1962).

By 1971, GATT had recognized nine regional trade agreements that covered almost 30 countries. But by 1994, of all the regional agreements that were considered by GATT, only six reached diplomatic conclusions. Throughout the Cold War era until 1995 when GATT was replaced by the World Trade Organization (WTO), GATT focused on trade liberalization. Therefore, during the Cold War era, trade was based on the establishment of two rival systems (East-West). Two parallel markets were formed in this period between the Eastern and Western blocs. On the Western side, there were the Organization for European Economic Cooperation (OEEC), the Coordinating Committee for Multilateral Export Controls (COCOM), the EEC and GATT. While on the Eastern side, there was the Council for Mutual Economic Assistance (CMEA). From the 1950s to the 1980s, the U.S. utilized GATT as a tool to advance its anti-communist trade policies, notably through GATT's accommodation of the U.S. trade embargo on strategic material exports to the Communist bloc, initiated in 1948. In response, the Communist bloc imposed steep tariffs on Western goods, intensifying East-West trade tensions.

## A HISTORICAL OVERVIEW OF U.S. TRADE AND TARIFF POLICIES IN THE GLOBAL SOUTH

The U.S. has engaged in bilateral trade with many countries of the Global South since the 18th century and the period of the Trans-Atlantic slave trade. Until recently, the U.S. was the primary trading partner for many Global South nations. Building on policies like RTAA, SHTA, GATT, the Kennedy Round, and the Uruguay Round, U.S. trade agreements with the Global South in the post-Cold War era have encompassed both bilateral and multilateral frameworks. Examples of such are the North American Free Trade Agreement (NAFTA) and the Uruguay Round, which reduced tariffs on a global basis. In the late 1990s and early 2000s, the U.S. pursued bilateral agreements with countries like Singapore, Chile, Morocco, Bahrain, Oman, Peru, and Central American and Caribbean nations through the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR).



Photo/CNS

*China has recently announced the implementation of zero tariffs on all taxable items for 53 African countries with which it has diplomatic relations. Industry stakeholders in South Africa anticipate that this move will further boost agricultural exports to China. The photo shows a fresh avocado fruit facility in Zanen, Limpopo Province, South Africa, on June 12, 2025.*

However, the first real engagement between the U.S. and the Global South on the issue of international trade can be traced to the Havana Conference of 1947 in which 56 countries finalized the details of the International Trade Organization Charter. About 30 countries of the Global South attended this conference. The developing countries at this conference, which was initiated by the U.S. and the United Kingdom emphasized on the issue of preferential trade agreements between developing countries, which was a means of fostering industrialization and limiting the dependence on Europe and the U.S. for export demands.

At the 1947-1948 United Nations Conference on Trade and Employment, the U.S.-proposed ITO Charter called for the gradual elimination of existing preferential trade systems through reciprocal and mutually beneficial tariff reductions, alongside prohibiting new preference schemes. This proposal conflicted with the aspirations of developing countries, which sought to maintain preferential trade arrangements to support their economies. However, the U.S. Congress failed to ratify the ITO Char-

ter, leaving GATT as the primary institution governing global trade until the 1990s.

In the 1950s and 1960s, the countries of the Global South adopted policies of import substitution so as to protect local industries and also boost industrialization, which was a necessary condition to facilitate sustainable and rapid economic growth. This policy was at odds with the trade liberalization policies that were adopted and favored by the U.S. and Western Europe. However, following the debt crisis suffered by many developing countries in the 1980s, they were forced to abandon import substitution to pursue policies of deindustrialization, market liberalization and free flow of trade and foreign direct investment (FDI).

For countries in the Global South, particularly in sub-Saharan Africa, Latin America, and Southeast Asia, trade policies with the U.S. and Western European nations were shaped by goals of industrialization, economic diversification, and reduced reliance on industrialized countries.

Enacted in 2000, the African Growth and Opportu-

nity Act (AGOA) is the cornerstone of U.S. trade policy with sub-Saharan Africa, a key Global South region, fostering economic engagement in the post-World War II era. AGOA provides eligible African nations duty-free access to the U.S. market for 1,800 products, plus over 5,000 under the Generalized System of Preferences (GSP). Eligibility requires advancing market-based economies, democracy, rule of law, human rights, and efforts to combat corruption, poverty, and trade barriers. While some countries have successfully exported textiles, automobiles, and agricultural products, U.S.-Africa trade has stagnated since AGOA's inception. As a unilateral U.S. initiative extending the 1974 GSP, AGOA's strict conditions have led many African nations to seek alternative trade partners. The U.S. remains the third-largest market for African manufactured exports, following the EU and intra-African trade market.

In Latin American industrial nations like Argentina, Brazil, Chile, Mexico, and Uruguay, tariffs shield infant industries and serve as diplomatic tools in U.S. relations. Since the 1920s, tariff disputes have emerged, with Latin American countries criticizing U.S. artificial trade barriers at the 1928 Pan-American Conference. U.S. policy shifts from reciprocity to Most Favored Nation (MFN) treatment in the 1920s and 1930s deterred Latin American nations from MFN treaties, seeking better trade terms elsewhere. The North American Free Trade Agreement (NAFTA), enacted in 1994 with Canada and Mexico, reduced tariffs, boosting regional trade. In 2020, the U.S.-Mexico-Canada Agreement (USMCA) replaced NAFTA, aiming for balanced trade and economic growth. In 2005, the Central America Free Trade Agreement (CAFTA), including the Dominican Republic, sought to eliminate customs duties over 20 years, promoting exports and labor conditions. Critics argue that CAFTA-DR harms Central American small farmers against U.S. agribusinesses. In 2018, the U.S. exported \$7.5 billion more than it imported, maintaining a trade surplus. Excluding Cuba, NAFTA/USMCA and CAFTA-DR form the foundation of U.S. trade policy in the Americas, driving economic integration.

U.S. trade with Asia, dating back to the 18th century, has been significant for Global South nations like China, India, Korea, and others. From the 1940s to 1960s, these countries were part of the Global South, and U.S. engagement was shaped by GATT. During the Cold War, U.S. trade policy in Asia rested on open markets, confidence

in American competitiveness, and leadership in global trade regimes. China's trade relationship with the U.S. grew after its 1970s "reform and opening-up" policy and most-favored-nation treatment under Reagan, with trade soaring from \$4 billion in 1979 to over \$750 billion by 2022. After the WTO replaced GATT in 1995, the U.S. challenged China's intellectual property violations and subsidies. In 2018, Trump imposed tariffs on \$283 billion of Chinese imports, citing trade deficits, prompting China's \$125 billion retaliatory tariffs. This escalated U.S. protectionism, impacting Global South economies tied to China. These tariffs reflect U.S. efforts to maintain economic dominance amid China's projected rise as a global economic superpower by 2050, driven by its extensive trade and investment.

### **IMPLICATIONS OF U.S. TRADE AND TARIFF POLICIES IN THE GLOBAL SOUTH**

Donald Trump's aggressive tariff policies have had far-reaching consequences for the global economy, while there have been debates on the effectiveness of these tariffs on trading giants and markets intertwined with the U.S. economy such as those of the EU, China, and Canada. However, current global events in this decade have revealed that it is the countries of the Global South or economically weaker states that are bound to pay the heavy price in these trade and tariff wars. Therefore, the rising tariffs on exports from the countries of the Global South are jeopardizing export-based economies. For example, Trump's tariffs increase from 10% to 25% on steel and aluminum has greatly impacted countries such as India, Nigeria, Mexico and South Africa, which are steel exporting countries.

In recent years, the Trump administration's use of tariffs as a way to assert U.S. hegemony and protectionism has heightened global policy uncertainty, thereby leading to global economic instability. However, these tariffs are particularly harmful to the countries of the Global South, which rely heavily on FDI and export earnings as the source of their revenue.

The new wave of U.S. tariffs will have reverberating effects on the economies of many countries of the Global South. In Africa, for instance, many countries in the continent rely heavily on the export of raw materials and many intermediate goods to countries like China, which now faces U.S. tariffs. Since African countries are inte-

grated in the global trade and investment networks, the imposition of new tariffs, or the threat of future tariffs injects uncertainty into these trade flows, thereby affecting production, planning and long-term investment strategies. Furthermore, Africa's dependence on external markets, whether through exports, remittances or aid, makes the continent vulnerable to global economic shocks.

African economies that are particularly involved in manufacturing and processing due to the new waves of tariffs may experience reduced demand for their raw materials and inputs. For example, South Africa's automotive and mining industries, as well as Kenya's horticulture sector and Nigeria's petroleum sector, which are all linked to global value chains, might face contraction as their U.S.-targeted partners look for alternative means to reorient their production. In addition to this, many African countries that export commodities such as coffee, oil, gold, cocoa, platinum, etc. to markets in Europe, the U.S. and Asia may experience price unpredictability due to tariffs, which will create distortions in international markets. Ghana and Cote d' Ivoire, for instance, which rely on revenue from cocoa exports may equally suffer if these tariffs lead to a fall in cocoa prices due to reduced European and Asian demands.

Therefore, through these tariffs, the U.S. has shifted its fiscal burdens onto its trade partners. Countries of the Global South/emerging markets in this period of high tariffs will face export declines, currency pressures, and capital flight. As earlier mentioned, commodity-depend-

ent economies in Africa and Latin America risk revenue shocks, while manufacturing countries of the Global South like Vietnam and Bangladesh equally face supply chain disruptions and job losses. This reveals the fact that a reliance on US demands and trade in the contemporary world order is unsustainable.

Despite the negative implications of the Trump tariff policies in the Global South, some of these countries of the Global South in Southeast Asia have potential advantages to gain. For Southeast Asia, if the tariffs on Chinese or EU goods increase, but remain unchanged for Southeast Asian countries, the trade flows will shift towards those countries. Therefore, it can be deduced that if the U.S. is waging trade wars against its largest trading partners, their trade flow will turn towards other markets.

Trump's tariff war will greatly alter the global balance of trade due to a faltering global economy. One other ripple effect of the tariffs in the Global South is that the geopolitical fragmentation and trade barriers between trading blocs like the U.S., the EU and China could cost Africa a total of 4% of its GDP in a decade.

The global trade and economic disruption caused by Trump's tariff policies have slowed globalization, while pushing countries of the Global South and other regional powers towards forging trade and regional and sub-regional blocs like the African Continental Free Trade Area (AfCFTA), the Association of Southeast Asian Nations (ASEAN) and the BRICS, which has proven to offer more stability and trade predictability, while making them more attractive to global suppliers. It has also been argued that while high tariffs under Trump's administration have disrupted global supply chains, they have also put the U.S. companies/firms at a clear advantage. Since these supply chains take years to develop, restructuring them in response to tariffs will be a difficult process. While Trump's government has defended the high tariffs as necessary to protect American interest, U.S. companies that are seeking alternative sources in lower tariff regions may face frictions in negotiations, as well as long timelines to rebuild supplier capacity.

Other opinions have equally suggested that Trump's tariff policies risk isolating the U.S. from vital global markets, which will in the long run hurt American consumers, while also destabilizing world markets. On the other hand, imposing tariffs on its major partners such as the EU, Canada and Mexico will further weaken the West, while strengthening China, Russia and Global South-



On June 12, 2025, the Fourth China-Africa Economic and Trade Expo commenced in Changsha, Hunan Province, under the theme "China and Africa: Together Toward Modernization".



On November 22, 2023, the Belt and Road Global Chambers of Commerce and Associations Conference commenced in Fuzhou, Fujian Province. This picture shows the launch of the African Digital Procurement Service Platform Cooperation Initiative during the conference.

South cooperation, which will serve to provoke tariff retaliation and undermine global security. Therefore, as a result of these recent tariffs, many businesses both within and outside the U.S. are diversifying away from US-centric platforms, digital infrastructures and ecosystems.

## RECOMMENDATIONS FOR THE GLOBAL SOUTH TO ADDRESS U.S. TARIFFS

Despite the numerous challenges that have accompanied Trump's tariff war, countries of the Global South can respond in many ways.


First, countries of the Global South should explore alternative trading partners or pursue bilateral trade agreements with the U.S. Major trading powers in the Global South, such as China, Brazil, and India, with their large markets, are well-positioned to negotiate favorable deals with the U.S. for mutual tariff rebates. However, smaller and economically weaker nations in Africa, Southeast Asia, and the Caribbean face significant barriers to securing advantageous trade and tariff agreements with the U.S.

Second, countries of the Global South should forge new alternative partnerships with regional and global blocs and countries to counter the challenges of U.S. tariff policies. South-South cooperation should be paramount. South-South cooperation is critical, with the BRICS alliance serving as a key platform for alternative trade agreements. The EU is also an equally potential partner for countries of

the Global South. This is made possible through the soon-to-be ratified MERCOSUR agreement between the EU and South American countries. There is also a future EU agreement with the AfCFTA, which will offer potential advantages to smaller African countries. Other notable agreements include the EU-Vietnam Free Trade Agreement and the EU-South Korea Digital Trade Pact, which strengthen trade ties with Global South nations.

Furthermore, China has also entered into strategic trade and development partnerships with many countries of the Global South by promising substantial trade and investment opportunities. In recent years, statistics have shown that China traded more with the countries of the Global South than with developed economies. ASEAN countries, for instance, have become the top export market for China. In Africa, China has committed itself to increasing trade and investment with the continent. This has been implemented through the Forum on China-Africa Cooperation (FOCAC) and the Belt and Road Initiative (BRI). Chinese trade and investment in Africa will fall under the following categories: pharmaceuticals, agriculture, industry and mineral processing. This therefore demonstrates the fact that China associates itself with the Global South. Its continuous partnership with the countries of the Global South will enable them to emerge as a powerful force in global politics and economy.

Third, countries of the Global South in Africa and Latin America must prioritize the strengthening of their various regional blocs, which will give them leverage and a united voice in international treaties and trade organizations. They should also work towards forging closer partnerships with China, Brazil, Russia and India, which have offered to be partners in the establishment of South-South Global cooperation that can stand a chance in disrupting the U.S. unipolar hegemony over world trade and politics.

Additionally, countries of the Global South must equally work towards expanding their economic capabilities beyond import dependence and commodity export. They should also diversify their markets and seek for greater bilateral and multilateral agreements across the world. Therefore, they should look towards strengthening South-South cooperation and also forging new alliances, partnerships and trade agreements that will enhance sustainable growth and development and that will also minimize the impact of U.S. harsh tariff policies in the Global South. 

# THE LOGIC, FEATURES AND LAYOUT OF TRUMP 2.0 “TARIFF WAR”

**Zhao Minghao**

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After Donald Trump returned to the White House, the U.S. government launched a host of measures of “tariff wars”. In addition to announcing tariffs on goods imported to the United States from Canada, Mexico and China, the government also imposed trade restrictions on specific industries including steel, aluminum and copper, as well as advanced plan for “reciprocal tariffs”. Donald Trump claimed that a “tariff war” would correct trade imbalances, boost government revenue and promote the reshoring of manufacturing to the United States. By leveraging tariffs, the U.S. also attempts to achieve goals in border security, illegal immigration and fentanyl control. Undoubtedly at a central position in Trump’s second term in office, the “tariff war” will exert impacts far beyond economic and trade policies and upon the direction of China-U.S. relations.

## THE DEEP-SEATED LOGIC OF TRUMP 2.0 “TARIFF WAR”

Donald Trump is more obsessed with “tariff war” in his second term than his first term. On many occasions, he called tariff “the most beautiful word”, which could make America richer and stronger. Based on the views of Donald Trump, senior U.S. government officials and their core think tanks, the strategic significance of tariffs for the United States can be mainly summarized in the following three aspects.

First, tariffs can bring huge revenue to the U.S. government to help address the increasingly aggravating public debt crisis in the country. Tariffs played an important role in the process of the United States becoming a world

power. Between 1789 and 1939, 90% of the U.S. federal government’s revenue came from tariffs. In Trump’s view, tariff reductions and exemptions, as “subsidies” from the U.S. government to other countries, are the culprit for the U.S. government’s growing reliance on domestic income taxes and a public debt crisis. Trump said that being not rich and with a federal government debt of up to USD 36 trillion, increasing tariff revenue would help improve the U.S. government’s financial situation. In his inauguration speech in January 2025, Trump announced that he would overhaul the trade system and impose tariffs on foreign countries to enrich American citizens. To this end, Trump decided to establish the External Revenue Service to “generate wealth for the American people”. The newly-established agency, headed by Commerce Secretary Howard Lutnick and Treasury Secretary Scott



*On April 2, 2025, in Washington, D.C., U.S. President Trump declared a national emergency and imposed comprehensive tariffs.*

Bessent, aims to manage tariffs and other trade-related income collected from foreign countries. Kevin Hassett, director of the White House National Economic Council, said that by imposing a 10% tariff on Chinese imports and eliminating the “de minimis exemption” for goods valued below USD 800, the United States would receive USD 500 billion to USD 1 trillion in tariff revenue from China over the next decade. Trump believes that the U.S. government urgently needs to “reduce spending and increase revenue” and that the increase of tariff revenue will create favorable conditions for implementing large-scale tax cuts in his second term. The Trump administration is also attempting to make use of the tariff revenue to support the United States Sovereign Wealth Fund, the establishment of which was announced in early February 2025.

Second, tariffs are a means of restricting foreign goods and boosting the revitalization of the U.S. manufacturing. With special attention to trade balance, Trump aspires to reduce the U.S. trade deficit by means of tariffs. Setting the goal of making the U.S. the top global superpower in manufacturing, Trump strives to protect domestic industries with the “tariff walls” and boost the prosperity of “Main Street” (which is the traditional real economy). In March 2025, Trump delivered a speech to the U.S. Congress to advertise his achievements in protecting the U.S. steel industry, claiming that “tariffs are not just about protecting American jobs, they’re about protecting the soul of our country”. Trump aims to consolidate the voter base by “protecting” such traditional industries as steel, aluminum and copper, which is an act with evident political intention. Moreover, Trump also attaches so great importance to high value-added manufacturing, supporting chip manufacturers like Intel and automobile manufacturers. He proposed that the supply chains of critical products should be 100% located within the United States and those companies producing in the United States would enjoy a 15% corporate tax rate. For the Trump administration, tariffs are essentially an industrial policy, which represents an attempt to reverse the subsidy-based industrial policy of the Biden administration and instead leverage tariffs to force the reshoring of critical product production to the United States. U.S. Treasury Secretary Scott Bessent stated that tariffs were just a means and the ultimate goal was to push for the return of manufacturing to the United States and ensure U.S. economic security.

Third, tariffs are employed to pressure other countries

into making concessions to the United States, in order to achieve “reciprocity” and other policy goals. Trump complained that many countries, including the U.S. allies, have long “taken advantage of” the United States, leading the U.S. being “treated unfairly”. On February 13, 2025, the White House issued a Presidential Memorandum on “Reciprocal Trade and Tariffs”, stating that the United States is one of the most open economies in the world, has the lowest weighted average tariff rate in the world and imposes fewer barriers to imports. The United States has long been “treated unfairly” by trading partners, leading to its large trade deficit in goods, which undermines the interests of American workers and industries and threatens U.S. economic and national security. In pursuit of the “reciprocal tariffs” plan, Trump will pressure its trading partners into lowering their tariffs on the United States, overhaul the so-called “discriminatory tax arrangements” (such as value-added tax and digital service tax), weaken non-tariff barriers as a result of other governments’ subsidies, regulations, exchange rates and other policies and open up broader market space for American businesses. In addition, by wielding the big stick of tariffs, Trump pushes relevant countries into meeting his demands for border security, illegal immigration and drug control. By “linking” tariffs with other policy issues, tariff threats are used as negotiation leverage. It is also a prioritized issue for Trump to maintain the status of the U.S. dollar. He threatened BRICS nations with 100% tariffs if they continued to undermine the U.S. dollar.

## THE MAIN FEATURES OF TRUMP 2.0 “TARIFF WAR”

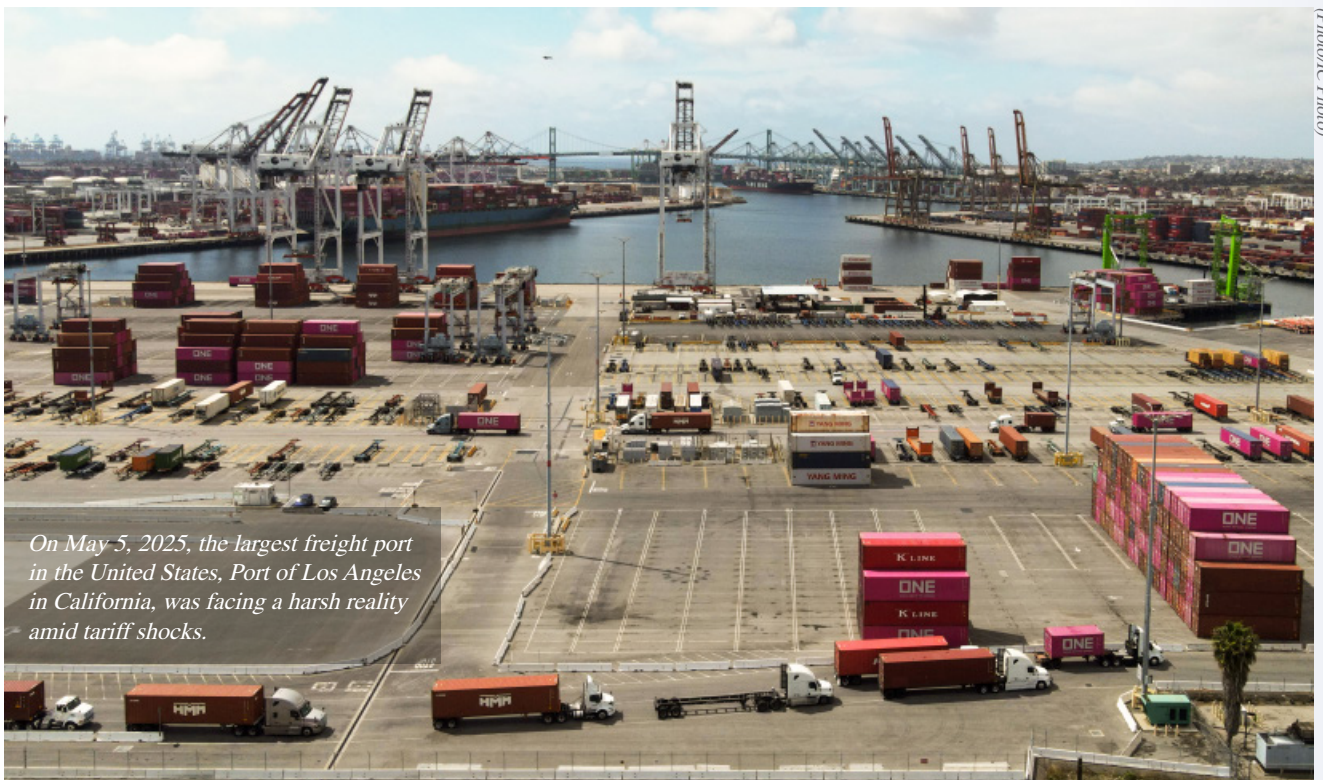
Trump’s obsessive enthusiasm for “tariff war” during his second term demonstrates his deep-seated economic nationalism, which itself could inflict negative impacts on the United States. In view of this, while waging the “tariff war”, Trump also displays the so-called “art of the deal” by means of postponing tariffs and offering conditional exemptions to lessen the loss suffered by the United States. The “tariff war” strategy pursued by the Trump administration mainly exhibits the following features.

First, Trump advances tariff measures in a high-profile manner to project his image as a “strongman” who immediately fulfills campaign pledges. On the very first day of his presidency on January 20, 2025, Trump issued the Memorandum on America First Trade Policy, in which he proposed such measures as a global supple-

mental tariff and the establishment of External Revenue Service. Later, the United States announced 25% tariffs on imports from Canada and Mexico and a 10% additional tariff on imports from China. On February 10, Trump further announced imposing 25% tariffs on all steel and aluminum imports to the U.S. from all trading partners. On February 13, Trump announced the “reciprocal tariffs” plan. His administration also seeks tariff actions targeting specific industries such as automobiles, chips, timber and pharmaceuticals. In early March, Trump directed the U.S. Secretary of Commerce to initiate a “Section 232 investigation” under the Trade Expansion Act of 1962 to evaluate the impact of imports of timber, lumber and their derivative products on America’s national security, in preparation for relevant trade restriction actions. On March 26, Trump signed a proclamation at the White House to impose a 25% tariff on imports of automobiles. He invoked the International Emergency Economic Powers Act to quickly advance a series of tariff actions. This move is considered unfounded and undermines the capacity of the U.S. Congress to counterbalance the president on tariff issues, but Trump tried to leverage this move to shape the American public’s perception of his strong political dominance. On February 9, the result of a

CBS News poll showed that Trump had started his term with net positive marks from Americans overall. Most respondents described him as “tough”, “energetic”, “focused” and “effective”, and 70% of respondents saw him as doing what he had promised during his campaign.

Second, although Trump wields the big tariff stick, he also leaves room for maneuver, so that he can pressure trading partners into making concessions and transfer benefits to the United States. After Trump’s tariff threat, the Mexican president immediately declared the deployment of 10,000 national guard troops to its border with the United States and other measures, causing the United States to postpone its tariff actions against Mexico. To avoid tariff pressure from the United States, Japanese Prime Minister Shigeru Ishiba announced a significant increase in investment into the United States and beefed up efforts to purchase American products such as liquefied natural gas during his visit to the U.S. In February, Indian Prime Minister Narendra Modi visited the White House and agreed to conduct negotiations on addressing the long-standing trade imbalance between the two countries, pledging to increase its procurement of energy products and advanced weapons from the United States. While announcing an assessment of U.S. trading partners



Photo/IC Photo

*On May 5, 2025, the largest freight port in the United States, Port of Los Angeles in California, was facing a harsh reality amid tariff shocks.*

on “reciprocal tariffs”, Trump emphasized that some “reciprocal tariffs” might not be implemented if trading partners agreed to correct their policies before officially enacting tariff policies. Even after the implementation of the policy, if some trading partners believed that the U.S. tariffs on them were too high, they could take the initiative to reduce or eliminate the tariffs on the U.S. And zero tariff was to be paid if the products were manufactured within the United States.

Third, tariff actions focus on the goal of “anti-circumvention”, especially strengthening the control over the North American economic area. While working on anti-dumping and anti-subsidy measures, the economic and trade policies adopted by the Trump administration attach great importance to “anti-circumvention”, which aims to crack down on the practice of Chinese, Russian and other foreign companies evading U.S. tariffs through trade in third countries. The Memorandum on America First Trade Policy directs U.S. government agencies to conduct in-depth investigations into the issue of evading tariffs through third countries. North America takes up the most critical position in the layout of the Trump administration. During his first term, the United States transformed the North American Free Trade Agreement into the United States-Mexico-Canada Agreement (USMCA). In his second term, Trump attempted to renegotiate the terms of the USMCA to adopt new protective measures for transit trade, preventing other countries from dumping their products into the United States through Canada and Mexico. Scott Bessent even envisioned the building of a “discriminatory tariff zone” and a “North American fortress” to strengthen control over other countries’ economic and trade policies. Trump has repeatedly said Canada should consider to become the “51st state” of the United States if the country wants to avoid tariff pressure.

Fourth, Trump uses tariff threats as a leverage to achieve policy goals in multiple fields. The “tariff wars” against Canada and Mexico are, to a large extent, an extension of its domestic policies. Every year, a huge amount of fentanyl flows into the United States from its border with Canada and Mexico, the Trump administration attempts to push ahead the resolution of the fentanyl issue through tariffs. With Europe, the Trump administration also hopes to achieve multiple policy goals through tariff threats. Stephen Miller, Trump’s top aide, stated that the U.S.’ automobile exports to Europe faced value-added tax and tariffs up to 30% as well as many non-tariff

barriers. However, the European automobile exports to the United States only needed to pay a 2.5% tariff, which caused long-term damage to the U.S. automotive industry and resulted in significant job losses. Miller also suggested that besides expecting Europe to adjust its tariffs on the United States, the country would also pressure Europe into addressing the value-added taxes, reducing digital taxes as well as reviews and fines on large American tech companies and relaxing conditions for imports of American agricultural products and automobiles. In addition, Trump also attempts to leverage the “tariff war” to force Japan, South Korea, Australia and its NATO allies to raise military spending, so as to share more security costs for the United States.

### **THE LAYOUT OF THE TRUMP 2.0 “TARIFF WAR” AGAINST CHINA**

Trump has repeatedly claimed that the United States must win the so-called “competition with China” and many of his core advisers see China as the primary rival. Robert Lighthizer, former U.S. trade representative, proposed that the United States and relevant countries should come together and create a new trade system, which could enforce balance by having “two tiers of tariffs”: A higher level of tariffs would be applied to “non-democratic” countries as well as those adopting predatory industrial policies so as to reduce their surpluses. And the countries within the new trade system would pay lower tariffs and they could be adjusted over time to allow developing countries to run temporary surpluses in order to achieve industrialization. This vision is obviously intended to isolate China in the global economy.

In the meantime, some U.S. congressmen are pushing for revoking China’s Permanent Normal Trade Relations (PNTR) status. On January 23, 2025, Republican and Democratic lawmakers for the first time jointly proposed a bill in the House of Representatives to end China’s PNTR status, demanding the U.S. government to set separate tariff standards for Chinese goods, with 100% minimal duty rates for “strategic products” imported from China and a minimum 35% tariff for “non-strategic products”. In the past six years, although the proportion of Chinese goods in U.S. imports declined from 20% to 13%, their proportion in global exports rose to 17%, higher than the 12% during Trump’s first term. Bessent and others hyped up the so-called “China shock” on a global

scale, accusing China of posing challenges to the United States and other countries with its “overcapacity”.

In this context, tariff pressure on China takes up an important position in Trump administration’s “tariff war” and many of the tariff actions it has taken are essentially relevant to China. The profound impacts of the “strategic decoupling” with China advocated by Lighthizer should not be underestimated. The U.S. still strives to reduce its dependence on China in terms of critical products and undermine China’s position in the international industrial chains through tariff measures. The U.S. “tariff war” against China is taking place both at “the direct front” and at “the indirect front”. Its strategy exhibits the strategic features of “coercion first, maximal blackmail, external deployment and integrated pressure”.

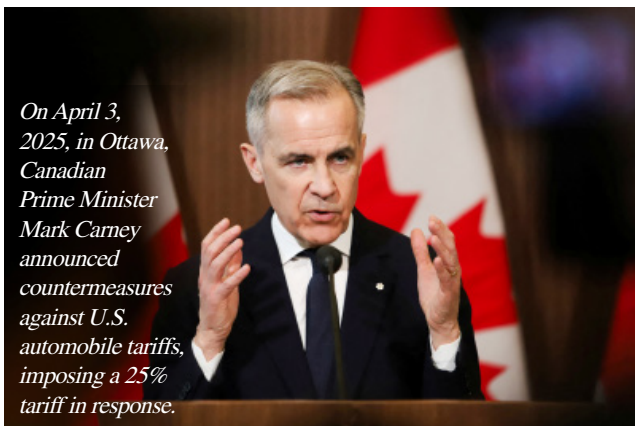
At “the direct front”, reducing the trade deficit and achieving the so-called “reciprocal” and “fair” trade relations with China are the prioritized goals of the Trump administration. According to data from the Office of the United States Trade Representative, the U.S. trade deficit in goods with China in 2024 was USD 295.4 billion, accounting for nearly 25% of US’ total trade deficit in goods. As of late April 2025, the Trump administration has announced rounds of tariff hikes on Chinese goods, with the accumulation of various tariffs imposed by the United States as high as 245% on certain Chinese exports. Trump instructed the U.S. Department of Commerce, the Office of the United States Trade Representative and other agencies to investigate trade relations with China, including the implementation of China-U.S. phase-one economic and trade agreement as well as China’s “non-market behavior and unfair practices” in areas outside of technology transfer and intellectual property. Undoubtedly, Trump’s “tariff war” against China during

his second term shows strong gestures of bullying and blackmail. He attempted to resort to tariff threats to demonstrate a tough stance towards China and force China to take the initiative to engage with the United States and make concessions to the U.S. on such issues as the acquisition of TikTok by American companies. The Trump administration has instrumentalized and weaponized tariffs to such an extent that their application approaches irrationality.

At “the indirect front”, Trump’s tariff threats against Canada and Mexico, imposition of steel, aluminum, and copper tariffs, elimination of “de minimis exemption” and the “reciprocal tariff” plan are also strongly intended to target China.

Firstly, under the U.S.’ pressure, Mexico and Canada may impose more restrictions on the commercial and investment activities that Chinese companies carry out locally. The Trump administration expects Mexico’s consistency with the U.S. in terms of tariffs on China. In late February, U.S. Commerce Secretary Howard Lutnick held talks with Mexican Economy Minister Marcelo Ebrard, reaching the agreement to establish a joint working group to address this issue. To support domestic industries and appease the Trump administration, Mexican President Claudia Sheinbaum has taken actions to tighten restrictions on cheap Chinese imports. The Mexican government has pushed for amendment of relevant laws to expand local production of components and reduce imports from China. Chinese companies also face obstacles in investing and building factories in Mexico. Canada has reinforced its national security review on Chinese companies in critical minerals and imposed high tariffs on permanent magnets, natural graphite and other Chinese imports. In addition, Canada has followed the United States to hype up the market distortion in North America caused by China’s “overcapacity”.

Secondly, the Trump administration’s tariff on such specific industries as steel, aluminum, copper, automobiles, chips and pharmaceuticals will have impacts on China. With great importance attached to maintaining the support of voters in the “rust belt” and “swing states”, Donald Trump raised tariffs on steel, aluminum and copper and emphasized that the only way for exemption of such tariffs is local production. The direct imports of steel and aluminum from China made up only 2% of the U.S.’ total, while China’s exports of relevant products to the United States are mainly done through transit



*On April 3, 2025, in Ottawa, Canadian Prime Minister Mark Carney announced countermeasures against U.S. automobile tariffs, imposing a 25% tariff in response.*

Photo/C Photo



On March 20, 2025, the 2024 CHWE Global Cross-Border E-Commerce Selection Exhibition was held in Shenzhen. The photo shows the booth of DHgate.com, of which the downloads have skyrocketed against the backdrop of excessive tariffs imposed by the U.S.

trade. Therefore, this round of tariff hikes on steel, aluminum and copper tariffs intentionally targets China. Peter Navarro, a senior White House adviser on trade and manufacturing, stated that China's copper smelting capacity accounted for over 50% of the world's total and that China's control of the global copper supply chain through government subsidies and overcapacity posed a direct threat to the national security and economic stability of the United States. The Trump administration is also considering imposing tariffs on industries such as mature-node chips and pharmaceuticals, in an attempt to push American companies to reduce their dependence on China's supply chains.

Thirdly, the Trump administration announced the elimination of the "de minimis exemption", posing challenges to China's industrial chains of cross-border e-commerce. According to the Trade Facilitation and Trade Enforcement Act, imported goods under the value of USD 800 are eligible for duty-free treatment upon entry into the United States, also known as "de minimis exemption". The Trump administration believes that the "de minimis exemption" opens up a loophole for Chinese goods to flood into the United States and exacerbates the smuggling of fentanyl and its precursors to the United States. Ending the "de minimis exemption" will deal a direct blow to Chinese sellers, with some cross-border e-commerce platforms and logistics service providers suffering losses. In addition, the Trump administration is also considering adding Temu and Shein to the "forced

labor" list of the U.S. Department of Homeland Security. This indicates that the U.S.' economic and trade pressure imposed on China is further targeting China's cross-border e-commerce and consumer goods industries.

Fourthly, the impact of the U.S. "reciprocal tariffs" on China's transit trade should not be underestimated. The "reciprocal tariffs" plan is the main leverage of Trump's economic and trade policy in his second term. When setting "reciprocal tariffs", the Trump administration took into consideration not only the tariff rates of relevant countries on American products, but also their domestic taxes (such as value-added tax and digital service tax), exchange rate manipulation and wage suppression, among other factors. If the Trump administration presses on the "reciprocal tariffs" plan, the rising pressure exerted by the U.S. tariffs on countries such as Vietnam, India and Brazil will extend to their trade relations with China, affecting such industries as electrical machinery, plastic products, furniture and toys.

## CONCLUSION

The "tariff war" waged by the Trump administration violates World Trade Organization rules and poses a serious challenge to the multilateral trading system, standing as a wrong practice "doing benefits to no one". The root cause of the U.S.' enormous trade deficit is the low domestic savings rate, rather than the lack of so-called "reciprocity" with its trading partners. The "tariff war" launched ever since Trump's first term failed to bring about the decline of trade deficit in goods, but rather continued rise. In addition, because of its inherent contradictions, the economic policies adopted by the Trump administration will lead to negative consequences for the United States, such as inflation hikes, stock market volatility and a decline in actual exports.

In the past few years, China has stayed steady and determined in the face of the coercive "tariff war" waged by the United States, demonstrating strong resilience in its foreign trade exports. Now and in the upcoming period, China needs to continuously reinforce its policy toolkit and properly take "asymmetric countermeasures" against the United States. As planned, China should continuously accelerate reforms at multiple fronts, promote diversified foreign trade, create a new pattern of opening up and build a more solid foundation for effectively responding to the U.S. containment strategy against China. ■

# NEW FEATURES AND NEW CHALLENGES OF U.S.-EUROPE RELATIONS UNDER TRUMP 2.0

**Zhao Huaipu**

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**D**uring Donald Trump's first term, the "Trump Shock" brought world politics into an era of uncertainties and pulled the transatlantic alliance down to its lowest point in history. The Trump 2.0 tsunami brewed by the 2024 presidential election of the United States has plunged the U.S.-Europe relations into more gloomy waters, ushering in a more complex and turbulent period of adjustment.

## **LEGACY OF THE U.S.-EUROPE RELATIONS INHERITED FROM THE BIDEN ADMINISTRATION**

During his first term, Donald Trump adopted an oppressive, transactional policy towards Europe and frequently "withdrew from international treaties and organizations". Such moves seriously intensified the conflicts between the United States and Europe in areas such as security, economy, trade and global governance, dragging the alliance to a historically lowest point and even entering a "non allies" state.

The U.S.-Europe relations embraced a turning point after Biden took office in the White House in 2021. Different from Trump's disregard of allies and transactional approach towards the Atlantic alliance-related affairs, Biden valued diplomacy and was equipped with relatively mature ideas on handling relations with allies. Biden criticized that Trump's systematic "withdrawal from international treaties and organizations" eroded the global economic and security institutional framework that backed the U.S. leadership and alienated its democratic allies that

the U.S. needed the most. Hoping to "ensure America's leadership through international cooperation", Biden emphasized at the inception of his term that "America is back" and pledged to repair the relations with allies. The Biden administration reaffirmed the United States' commitment to Article 5 of the North Atlantic Treaty, sought to improve economic and trade relations with Europe and rejoined the Paris Agreement on climate change, all of which have been well received by Europe. It is worth mentioning that some key cabinet members appointed by Biden, who were proficient in diplomatic affairs and developed profound relations with Europe, had frequently engaged with European dignitaries in the past few years, further tightening the bond between the United States and Europe.

While the Ukraine crisis that broke out in 2022 intensified the geopolitical crisis in Europe, it also provided an important lever for Biden to revitalize the transatlantic alliance. The Biden administration played a leading role in strengthening deterrence of the North Atlantic Treaty Organization (NATO) against Russia, working with Europe to jointly impose sanctions on Russia and providing aid to Ukraine. The European Union (EU) proposed to establish the EU-U.S. Security and Defense Dialogue, strengthen concerted efforts with the United States on Russia-related issues, and jointly advance agendas on international arms control and disarmament. The EU also strengthened its relationship with NATO. With increasing emphasis on the consistency and synergy in defense planning and capacity building, the EU and NATO expe-

rienced a trend of “alliance-oriented” cooperation.

Against the backdrop of “bloc confrontation” deliberately instigated by the United States and some in the West, both the United States and the EU view China as a competitor in areas of economy, technology, and strategy and strengthen policy coordination towards China. The United States and Europe restarted the U.S.-EU Dialogue on China and launched the “EU-U.S. Trade and Technology Council” (TTC) with strong elements of competing with China. The U.S.-EU coordination in China-related affairs was further intensified after the outbreak of the Ukraine crisis. In the Joint Declaration on EU-NATO Cooperation released in 2023, they recognized that the Ukraine crisis posed “the gravest threat” to Euro-Atlantic security in decades, falsely accused China’s resolute policies of presenting “challenges” that both the EU and NATO “need to address”, and declared that “the two sides would upgrade their partnership to a new level on the basis of their long-standing cooperation and further strengthen, expand and deepen cooperation”.

The Biden administration adopted a relatively proactive and flexible policy towards Europe, pulling the U.S.-Europe relations out of the trough and strengthening cooperation. “Working with Europe to aid Ukraine and against Russia” as well as U.S.-Europe coordination on China-related affairs have become its major diplomatic legacies. But the Biden administration’s policy towards Europe also had certain negative impacts on U.S.-Europe relations. Biden largely inherited the trade protectionism from the previous administration. Negotiations helped ease the steel and aluminum tariff dispute with the



On March 27, 2025, the Meeting on Peace and Security for Ukraine chaired by French President Emmanuel Macron was held in Paris, France.

United States, but failed to resolve this issue left by the previous administration once and for all. Even worse, Biden signed into law the discriminatory and protectionist Inflation Reduction Act, which was strongly questioned and opposed by the EU. In the field of security, the Biden administration continued to shift the defense burden to Europe, demanding that Europe make greater contributions to NATO military spending. In addition, the Biden administration abruptly withdrew troops from Afghanistan without communicating with its European allies and established the Australia-UK-US (AUKUS) trilateral security partnership. These moves shocked Europe and forced it to reflect on its relationship with the United States. Such negative legacies limit the space for repairing the U.S.-Europe relations and also indicate more uncertainties facing the U.S.-Europe relations under the Trump 2.0.

## NEW FEATURES OF U.S.-EUROPE RELATIONS AFTER TRUMP’S RETURN

Amid the tsunami brought by Trump 2.0, the reinforced version of “America First” reshapes the U.S. diplomacy and “a gray rhino bursts into the U.S. foreign policy”. The U.S.-Europe relationship, which is already under considerable pressure, shows some new features.

### I. Power Imbalance Exacerbates the Risk of Subordination in U.S.-Europe Relations

The balance of power is the fundamental factor pushing the transformation of U.S.-Europe relations. We have witnessed an increasingly evident power imbalance between Europe and the United States since the international financial crisis in 2008, in which year the GDP of the EU was slightly above that of the United States. However, in 2022, the GDP of the United States reached USD 25 trillion, outweighing the combined GDP of the EU and the United Kingdom, which stood at only USD 19.8 trillion. The gap in technology and military strength between the United States and Europe has also further widened. Such power imbalance uplifted the United States to a more dominant position in the transatlantic alliance, which is more obvious to see in the Ukraine crisis. Josep Borrell, the then High Representative of the EU for Foreign Affairs and Security Policy, pointed out that Europe did not truly engage in addressing the Ukraine crisis. On the contrary, it began a process of subordination.

The power imbalance has equipped Trump 2.0 with

more “power leverage” in his European policy, further exacerbating the risk of subordination in the U.S.-Europe relations. On the one hand, Trump has shrunk the U.S. intervention in the Ukraine crisis, aid to Ukraine and input in NATO and the EU, while continuing to pressure the EU with tariffs to gain more benefits. On the other hand, Trump’s return has spurred the far-right forces in Europe, who are accelerating their pace of “seizing power” in countries across Europe, resulting in a more fragmented landscape of political parties in Europe. Some EU member states choose to establish closer relations with the Trump administration, while the Trump administration hopes to build close ties with these countries in exchange for their support for policies favorable to the United States within the EU. In Europe, the Trump administration sees far-right forces as its true allies, calling for political parties such as the Alternative for Germany to enter government. On the eve of the 2025 Munich Security Conference, U.S. Vice President Vance directly called for Europe to become a larger version of Hungary.

In short, Trump’s political instinct to reshape the U.S.-Europe relations, combined with the polarization effect incurred by Trump’s return on Europe, has led to a resurgence of the risk of subordination in the U.S.-Europe relations. Although these dynamics do not indicate the long-term development trend of the U.S.-Europe relations, they will be the main mode of interaction between the two sides in the short term, which also indicates that Europe still faces an arduous journey ahead to truly achieve its goal of “strategic autonomy”.

## **II. U.S.-Europe Relations Dominated by “Transactionalism 2.0”**

Trump has faith in mercantilism and realism, and adopts transaction and exchange as his ways of handling diplomatic issues. Blatant transactionalism is the essence of the Trump administration’s foreign policy, which remains unchanged after its return to power.

Trump employs tariffs as a tool for pressure and transaction. On February 13, 2025, Trump announced “reciprocal tariffs” on all countries exporting goods to the United States. Trump complained that the EU had adopted multiple restrictive measures on American tech companies and maintained a large trade surplus with the United States. Trump threatened the EU with tariff hikes, unless it pledged “massive” purchases of oil and gas from the United States. Faced with the threat of tariff hikes, the EU

sought negotiations to alleviate the pressure. European Commission President Ursula von der Leyen stated that on the one hand, the EU would be prepared to engage in difficult negotiations with the United States if necessary and would firmly uphold its own interests; on the other hand, if negotiations failed, the EU would be prepared to use “all trade defense measures” to cope with the impacts of U.S. tariffs.

In addition to imposing extra tariffs, the Trump administration also attempts to achieve economic and diplomatic goals by exerting pressure on security. During his first term, Donald Trump threatened on many occasions to reduce U.S. support for NATO in order to pressure Europe into increasing defense spending. Recent years have witnessed the inflow of military spending from European allies to the United States, but still-unsatisfied Trump demands that NATO members further raise their defense spending to 5% of their GDP. Trump also wants a “thorough repositioning” of NATO, in which scenario his European allies assume the main NATO combat power while the United States takes a back seat and provides support only in times of crisis. Trump’s negative attitude towards NATO poses the risk of diluting the United States’ security commitments to Europe, further dragging the transatlantic alliance into turbulence and instability.

## **III. The United States and Europe Enter a New Stage of Competition on China-Related Issues for the Exchange of Interests**

The Trump 2.0 continues the U.S. containment strategy against China and prioritizes economic and technological competition with China. To enhance its capacity to contain and suppress China, Trump has exerted more pressure on the EU, requesting the union to coordinate with the United States its economic and trade policies towards China and follow the United States in restricting or blocking economic and technological exchanges with China.

Under pressure from the United States, the EU is in an awkward position in the trilateral China-U.S.-EU relationship. The EU’s coordination with the United States on issues relating to China is evidently double-sided. On the one hand, the EU is willing to coordinate with the United States in formulating its China policy, because of its own pursuit of “de-risking” and “reducing dependence” on the Chinese economy, as well as its dependence on the U.S. security guarantee in the context of the Ukraine crisis. On February 20, 2025, European Commissioner for Trade and

Economic Security Maros Sefcovic and U.S. Secretary of Commerce Howard Lutnick held a discussion on how to jointly address China’s “non-market economy behavior” and “overcapacity”. On the other hand, the EU cannot turn a blind eye to the risks of fully leaning towards the U.S. on issues relating to China, as such a position can hardly exchange for the elimination of Trump’s hostility and could even inflict damage on its own interests by deteriorating relations with China.

In short, the basic position of containing and suppressing China by the U.S. will remain unchanged in Trump’s second term, and the EU’s strategic perception of China will be further influenced or even reshaped by the U.S. The EU’s recent friendly gestures towards China may show its consideration of pressuring and bargaining with the United States. There exists the possibility of exchange of interests in the recent U.S.-EU interaction on issues relating to China. But the EU should also realize that any possible transaction-based cooperation with the U.S. on issues relating to China will only deepen its dependence on the U.S., and damaging the interests of China will do itself no good.

## NEW CHALLENGES FACING THE U.S.-EUROPE RELATIONS

Since the inception of the Trump 2.0, the United States and Europe have been witnessing widening rifts in terms of security, economy and ideology. The transatlantic partnership is heading towards a split.

### I. “Peace Enforcement” and “Security Peace”: The Challenge of the Ukraine Crisis to the U.S.-Europe Relations

Donald Trump and the American establishment obviously differ in geopolitical strategy towards Europe and policy towards Russia. Trump sought to end the Ukraine crisis since the beginning of his new term. On the one hand, taking the U.S.-Russia talks as leverage and a breakthrough, he attempted to gain control over the Russia-Ukraine peace talks. On February 12, 2025, without coordinating with his European allies, Trump spoke with Putin on the phone and the two sides agreed to “closely cooperate” to end the Ukraine crisis. On the other hand, the Trump administration has pressured Ukraine and Europe, attempting to coerce them into accepting a ceasefire by significantly reducing and suspending the U.S. aid to Ukraine, while pushing its European allies to shoulder

the responsibility of guaranteeing Ukraine’s security and defending against Russia. On the eve of the 2025 Munich Security Conference, U.S. Defense Secretary Pete Hegseth said that a return to Ukraine’s pre-war borders was unrealistic and that Ukraine would not be allowed to join NATO. If European troops are to be deployed to Ukraine, they should not be covered by the collective defense provisions of NATO’s treaty and would not be part of a NATO mission. It is not hard to see that the United States wants to end the Ukraine crisis by means of “peace enforcement”, but does not want to shoulder the joint responsibility for the “Russia-Ukraine peace”, believing it is a responsibility for Europe to take.

The Trump administration’s sharp turn in its stance on the Ukraine crisis has deeply unsettled Europe and forced the latter to respond accordingly. After the phone call between the U.S. and Russian leaders, Europe was so concerned about being excluded from the Russia-Ukraine peace talks process that they urgently discussed countermeasures. Then German Chancellor Olaf Scholz expressed his unwillingness to “conduct peace enforcement operations in Ukraine”. EU High Representative for Foreign Affairs and Security Policy Kaja Kallas condemned Trump’s phone call with Putin as an act of “appeasement” and emphasized that any peace agreement regarding Ukraine must involve Europeans and Ukrainians to be effective. After the failed talk between the United States and Ukraine in the White House, leaders from multiple European countries, Ukraine and Canada held the London Summit to discuss the Ukraine crisis and European defense issues. British Prime Minister Keir Starmer announced a plan to support Ukraine after the summit, including continuing the flow of aid to Ukraine, guaran-



(Photo/IC Photo)

teeing Ukraine's sovereignty and security, and engaging Ukraine in the peace process. All these actions indicate that Europeans do not want to be marginalized in the Russia-Ukraine peace talks and hope to defend Ukraine's independence and Europe's long-term security interests while maintaining the Europe-U.S. alliance.

The "Ukraine crisis" in the U.S.-Europe relations reflects a harsh reality, that is, the two sides' differences in security interests have become increasingly irreconcilable due to Trump's "America First" policy. With a greater focus on containing and suppressing China, the Trump administration aspires to reduce its military spending in Europe and prioritize the deployment of its resources to the "Indo-Pacific" region. In Trump's view, the Ukraine crisis does not pose a direct threat to the U.S. security, but rather, a certain degree of confrontation between Europe and Russia has provided the U.S. with space for maneuvering, with which the U.S. could manipulate and benefit from the situation in Europe. However, in EU's view, the Ukraine crisis poses an existential challenge to the EU and Trump's shift in attitude towards Russia further exacerbates Europeans' sense of insecurity. The EU is pessimistic about the prospects of Europe-Russia relations and views Russia as the main challenge to Europe's security in the foreseeable future. The EU also believes in the importance of the Europe-U.S. alliance and has the sober realization that it is not only extremely dangerous but also increasingly unreliable to fully depend on an increasingly inward-looking U.S. to protect Europe's security. The transatlantic alliance and NATO will continue to exist after the end of the Ukraine crisis, but Europe will have to assume more responsibility to handle its own defense issues. In March 2025, the EU launched an 800 billion euro "ReArm Europe" plan aimed at building "a secure and resilient Europe". However, due to multiple constraints, the EU is unable to completely break free from its dependence on the U.S. in the short to medium term. The United States, with its strength, will continue to dominate the increasingly loose transatlantic alliance and seek more geopolitical benefits by controlling Europe.

## II. Intensified Rivalry in Multiple Fields Challenges the Resilience of the U.S.-Europe Relations

Firstly, the rivalry between the United States and Europe in the fields of economy, trade and technology has intensified. American large-scale high-tech companies dominate the European digital market and take up monopoly positions in the field of digital technology in

Europe. The EU has introduced the Digital Services Act to strengthen its dominance in the digital market and restrict the very large online platforms from outside the EU (mainly U.S. tech companies) from generating excessive profits. Trump criticized the EU's imposition of a digital service tax as an act of trade protectionism and accused that the "technological sovereignty" and restrictive measures pursued by the EU have weakened U.S. competitive advantage in the global tech field. During his address at the 2025 Munich Security Conference, U.S. Vice President J.D. Vance criticized Europe's regulatory measures against large technology companies; the United States also refused to sign the Declaration of the Artificial Intelligence Action Summit in Paris. These moves have resulted in more friction between the United States and Europe in the fields of digital technology and governance. Some EU officials have accused the United States of using freedom of speech as an argument to pressure the EU into relaxing its regulation of technology platforms.

Secondly, the United States and Europe have diverging values, which is obvious to see in the political field. The Munich Security Conference, since its launch in 1963, has been serving as a critical platform for Europe and the U.S. to discuss global security affairs. However, on this very platform, J.D. Vance publicly lambasted Europe's democracy and immigration policies, claimed the biggest threat facing Europe is from inside, accused Europe of deviating from its basic values and questioned whether the European values were worth defending by the U.S. Vance's remarks sparked a strong backlash from European countries and were seen as "an attack on European ideology". However, Trump praised Vance's speech as brilliant. The Guardian of the UK commented on this and pointed out



On February 10, 2025, the Artificial Intelligence Action Summit was held at the Grand Palais in Paris, France. The summit concluded with an AI declaration, with the U.S. and the UK missing among the first signatories.

(Photo/IC Photo)

that the United States and Europe not only held different views on Russia, but also had significant differences on more profound issues such as values and democracy.

Lastly, in the field of global governance and multilateral affairs, Trump 2.0 once again staged a drama of “withdrawing from international treaties and organizations” and lessened support for such multilateral institutions as the United Nations and the World Trade Organization. On his very first day in office, Trump announced the U.S.’ withdrawal from the World Health Organization and the Paris Agreement on climate change. Later, he also announced the withdrawal from the United Nations Human Rights Council (UNHRC) and permanent cessation of the funding to the United Nations Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA). In addition, Trump also announced plans to claw back the “Green New Deal” and abandoned the efforts to promote clean energy investment in emerging and developing countries. The EU is deeply dissatisfied with the unilateral and selfish practices of the Trump administration. As he opened the 2025 Munich Security Conference, German President Frank-Walter Steinmeier said that the new Trump administration acted recklessly and had no regard for the long established international rules. As the U.S. and Europe held opposing positions on many issues of the conference, the differences between the two sides in the fields of global governance and multilateral affairs were exacerbated and imposed serious impacts on the bilateral relations. European public opinion generally believes that the current differences between Europe and the U.S. are not only reflected in their policy positions, but also deeply rooted in their different understandings of the international order and global governance models.

### III. The Rising “Trust Deficit” Erodes the Foundation of U.S.-Europe Relations

The changes in the post-Cold War international environment and the growing unilateralism in the U.S. have resulted in the emerging and ever expanding “trust deficit” in the U.S.-Europe relations. Since Trump’s first term, Europeans have developed a growing sense of distrust of the United States, believing that the driving force behind “Trumpism” is the declining credibility of the U.S. government and institutions. Therefore, the United States, the country as a whole, is no longer trustworthy.

The Trump 2.0 tsunami has further aggravated Europe’s distrust of the U.S. The “election dictatorship led by

Trump” was believed to have undermined the American democracy and frustrated believers in “liberal democracy”. What worries Europeans even more is that, given the core position of the United States in European security and economic affairs, Trump’s “dictatorship rule” may also harm the governance of Europe and the future of the continent as a democratic entity. The Munich Security Report 2025 publicly stated that Europe does not perceive Washington as “an anchor of stability”, but rather as a risk to be hedged against. The Financial Times of the UK published an article on its website on February 26, 2025, stating that the United States has now become an “enemy” of the West. In summary, the accelerating rise of the “trust deficit” will inevitably undermine the foundation of the U.S.-Europe relations.

### CONCLUSION

The dramatic transformation is a salient feature of the contemporary world political development. The intensified rivalry between the U.S. and the EU amid the Ukraine crisis is a microcosm of the rift in transatlantic relations. Europe, swept up by the Trump 2.0 tsunami, is standing at a historical crossroads and in a state of painstaking adaptation. The continent has to make earnest endeavors to explore and adapt to a new model of transatlantic security cooperation characterized by growing self-protection and diminishing U.S. protection, while constantly adapting to the complex situation of increasing friction and competition with the U.S. in multiple fields. The EU also faces more intense pressure to navigate through China, the U.S. and Russia to well handle its relationship with major countries. The rift in the U.S.-Europe relations is both a challenge and an opportunity for Europe. It forces Europe to face its own security predicament, accelerate its pace in pursuit of “strategic autonomy” and reduce its dependence on the U.S. In an era full of uncertainties, how Europe maintains its autonomy in the major-country rivalry has become a focus of attention and its strategic choices will profoundly affect the direction of the evolution of the world order. For China, it should stabilize the overall situation of China-Europe relations on the basis of grasping the trends of changes and features of the U.S.-Europe relations, while exploring to create a new model of trilateral interaction among China, the U.S. and Europe, and steering the trilateral relations towards relative balance and overall stability. 

# REFORM OF THE GLOBAL ECONOMIC GOVERNANCE SYSTEM UNDER THE TREND OF RE-GLOBALIZATION

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**E**conomic globalization is a process of forming a global market under the conditions of technological progress and national opening-up. Influenced by factors such as national policies, the international environment and geopolitics, the values, concepts and choices of the participants of globalization will change accordingly, thus affecting the mode, scale and speed of globalization. Therefore, the development of globalization is not always smooth and its evolutionary path is not linear but fluctuating and tortuous. There may even be stagnation, regression and division in some periods, ultimately leading to the reorganization and transformation of the globalization process and its governance.

## THE TREND OF RE-GLOBALIZATION IN ANTI-GLOBALIZATION

From the perspective of modern history, globalization driven by industrialization has always been accompanied by the contradictory movement of anti-globalization forces. Since the 1990s, the neoliberal globalization dominated by the United States has experienced more than a dozen anti-globalization movements. In the process of the struggle between globalization and anti-globalization forces, the latter has never prevailed. However, under the combined influence and continuous impact of multiple factors such as the 2008 global financial crisis, the intensification of major-power strategic competition, the COVID-19 pandemic and geopolitical conflicts, the perceptions of globalization

in major Western countries have undergone important changes. Amid rising populism, unilateralism and protectionism have become prominent, free trade has faced doubts and the globalization process has encountered unprecedented headwinds.

Different from previous anti-globalization civil movements, the anti-globalization trend today is an upgraded government version of anti-globalization promoted by populism. From Brexit to the large-scale trade war launched by the US, from “de-risking” to building “small yards with high fences”, the former so-called “Washington Consensus” oriented by privatization, marketization and democratization has been replaced by the “New Washington Consensus” based on new industrial policies, new interventionism and value-chain alliances. The logic of pursuing economic efficiency has been replaced by that of pursuing “safe development”. A series of anti-globalization policies and actions by major Western countries have severely impacted the globalization process.

Regarding the judgment on the nature of this anti-globalization trend and its consequences, there are many different views in the theoretical circle, such as the end-of-globalization theory, the slow-globalization theory, the globalization-division theory, and the re-globalization theory. In the face of the anti-globalization trend, re-globalization can more scientifically and accurately describe the current development trend of globalization. The connotation of re-globalization is the international community’s judgment on the future development trend of globalization

after the severe setbacks of neoliberal “hyper-globalization”, and it is also a process of readjusting economic globalization based on reflecting on historical lessons. This requires the international community to re-converge on the development concept of globalization, re-coordinate the development subjects, re-adjust the development direction and reshape the development mode.

First, from the perspective of concept, re-globalization is not the neoliberalism once advocated by the West. The self-denial and change of neoliberalism in the Western world announced the bankruptcy of neoliberal globalization. What should replace it is the common values shared by humanity with peace, development, equity, justice, democracy and freedom as the core, reflecting the globalist sentiment and multilateral values, rather than narrow-minded nationalism and unilateralism. In the confrontation of different concepts, the international community expects a more inclusive and universally beneficial economic globalization. The World Trade Organization (WTO) also pointed out in the World Trade Report 2023 that re-globalization is to include more people, economies and urgent issues in global trade, so as to strengthen multilateral cooperation and effectively address the current global challenges.

Second, from the perspective of the subjects, the US is no longer the dominant force promoting the development of globalization. On the contrary, the US has changed from the former standard-bearer of globalization to the pusher of anti-globalization. After the end of the Cold War, the US, relying on its hegemonic position, became the main promoter and shaper of economic globalization. However, this glo-



On October 22, 2024, the IMF held the World Economic Outlook Press Briefing in Washington, and cautioned that deepening geopolitical divisions could undermine the long-term growth prospects of the global economy.

balization model dominated by the US is difficult to adapt to a multi-polar world. Especially with the collective rise of emerging economies, the US, with its relatively declining hegemony, has introduced a series of anti-globalization policies based on the consideration of relative gains, suppressing emerging economies to maintain its hegemony. In contrast, emerging economies such as China have become the main driving forces of re-globalization by strengthening and expanding the BRICS mechanism, creating regional and cross-regional development-oriented financial cooperation institutions and free-trade agreements. At the same time, the vast number of developing countries actively embrace multilateralism, advocate and promote re-globalization that is adapted to the multi-polar pattern, with common development as the orientation, fairness and inclusiveness as the goal. In the future globalization process, the main actors will engage in competition at the multilateral, regional and bilateral levels. Countries with hegemonic thinking must abandon the zero-sum mentality and seek to coexist in competition and cooperate in coexistence so that the resistance to re-globalization can be effectively alleviated.

Third, from the perspective of future direction, re-globalization should follow the law of globalization development, conform to the trend of the times and go in line with the principles of mutual benefit, win-win results, inclusiveness and benefit for all. Looking back on history, globalization is both the result of the development of productive forces and the progress of civilization, as well as the internal requirement for the further development of productive forces. At a time when technological progress promotes the development of productive forces, which in turn drives the development of globalization, blocking the globalization process through policy not only defies the law of globalization development but also violates the law of market-economy development, where the cooperation of comparative advantages, the refinement of international division of labor and the flow of production factors are the internal logic. In this sense, building tariff “barriers” cannot ensure one’s self-preservation and maintain its own hegemony, and it is even more difficult to stop the development pace of re-globalization. Therefore, re-globalization should embed the principle of inclusiveness in designing the rules to achieve fairness of the rules, pursue universal benefit throughout the practice of cooperation to promote the fairness of distribution, and anchor win-win results as the goal for common development. Only in this way can we effectively avoid slipping into division and confrontation due to

the disorder of power-reconstruction.

Fourth, from the perspective of mode, any globalization mode is generated under a certain international order. Re-globalization is the reconstruction of globalization under a multi-polar pattern, and the globalization mode once dominated by the US and the West will gradually withdraw from the historical stage. On the one hand, the US, with its relatively declining hegemony, has significantly reduced its willingness and ability to provide global public goods. The national-centrism narrative under the concept of “Make America Great Again” (MAGA) will boost the anti-globalization trend and cast a shadow over the re-globalization process. On the other hand, the vast number of developing countries are the vital forces promoting re-globalization, which will enhance the fairness and inclusiveness of globalization. Re-globalization will unfold under the complex competition among major countries, between developed and developing countries, and within developed countries. Phenomena such as globalization and regionalization, free trade and fair trade, global production and industrial return will overlap in the same time and space, marking the accelerating reconstruction of the globalization mode. Therefore, re-globalization needs to balance and make choices between national sovereignty and international cooperation, common interests and individual interests, as well as among efficiency, fairness and security. By building a more just and reasonable global economic governance system, the behaviors of various actors could be regulated and managed.

### **RE-GLOBALIZATION CALLS FOR A NEW GLOBAL ECONOMIC GOVERNANCE SYSTEM**

Economic globalization and global economic governance are mutually causal, complementary, and inseparable, which determines that promoting re-globalization naturally requires reforming and improving the global economic governance system in line with the times.

From the perspective of international politics and economy, the failure of globalization under the dominance of neoliberalism is not a problem of globalization itself. Joseph Stiglitz, an American economist, believes that globalization itself is not the problem, while the problem lies in the management of globalization. Therefore, it is not so much the failure of the neoliberal globalization mode as the failure of global economic governance under this mode. This is mainly manifested in the crisis of effectiveness and legitimacy of global economic governance and the internal-external im-

balance of the governance of the dominant country itself.

First, the global economic governance system under the neoliberal globalization mode has structural defects and is difficult to effectively cope with systemic risks. For example, the stagnation of WTO reform has made it difficult for multilateral trade rules to adapt to the development trend of emerging fields such as the digital economy. In the face of the 2008 global financial crisis, international financial institutions such as the International Monetary Fund (IMF) failed to effectively prevent the spread of risk. Neoliberalism over-emphasized the self-adjustment of the market, weakened the cross-national public-governance ability and resulted in the continuous deterioration of global problems such as the polarization between the rich and the poor.

Second, the power structure of the global economic governance system is unbalanced. The voting rights of international financial institutions such as the World Bank and the IMF are still controlled by Western countries, and the voting rights and voices of developing countries have not increased with their growing strength, resulting in a lack of democratic consultation in the decision-making process of these institutions and the inability to effectively safeguard the rights and interests of developing countries. The US frequently abuses its domestic laws to conduct long-arm jurisdiction over international trade, causing great damage to international multilateral trade rules and the basic principles of international law.

Third, the dilemma of neoliberal globalization reflects the internal crisis of the US. The problems of increased polarization between the rich and the poor, the shrinking of the middle class and the hollowing-out of industries in the US are caused by multiple factors. It is unfounded to completely attribute them to globalization. The domestic distribution policy of the US has not been adjusted correspondingly with the development of globalization. The political polarization brought about by uneven distribution and the resulting national governance crisis make it difficult for it to maintain a good interaction with the global economic governance system, and it is inevitable to transfer contradictions outward. At the same time, the far-right ideological trend represented by MAGA and “America First” emerged and spread globally, intensifying the political and social crises in many countries, bringing new challenges to promoting an open world economy, and further expanding the global governance deficit.

It's fair to say that the multilateral mechanism established since the end of World War II has indeed laid a basic



*On September 10, 2024, at the WTO headquarters in Geneva, Switzerland, a seminar was held under the theme “Building Greener and More Resilient Supply Chains”.*

institutional system for global economic governance, which has played an important role in the process of economic globalization. The global economic governance system needed by re-globalization is not to start all over again but to reform the unreasonable and unfair factors in the original global economic governance system and explore to build a set of global economic governance principles that can reflect fairness, rationality and effectiveness.

To be specific, the new global economic governance system required by re-globalization needs to adhere to the following principles. The first principle is sovereign equality. This principle is the basis for the equal rights, equal opportunities and equal rules of all countries, that is, all countries, regardless of their size, strength, or wealth, have the right to equally participate in global economic governance. The second principle is symmetry between rights and responsibilities. Countries at different development levels and stages enjoy different institutional powers in the global economic governance system and also need to assume corresponding responsibilities and obligations to make the allocation of governance power, economic strength and responsibility-sharing reasonable. The third principle is efficiency and fairness. When promoting economic globalization, all countries should work hand in hand to promote the steady and efficient growth of the global economy through collective actions and actively implement the United Nations 2030 Agenda for Sustainable Development, develop and improve the international aid mechanism, and focus on solving global problems such as poverty and the imbalance, inequality and insufficiency of global development.

Indeed, there is still a huge gap between the actual and the desirable in global economic governance, and it is still difficult to form a broad global consensus on the

above-mentioned principles. Especially, the unilateralism, protectionism and isolationism tendencies highlighted by the new Trump administration will increase the difficulty of forming a consensus. In this context, the international community needs to adhere to true multilateralism and build a more just and effective global economic governance system that is adapted to re-globalization.

## **THE GLOBAL SOUTH IS A KEY FORCE IN THE REFORM OF THE GLOBAL ECONOMIC GOVERNANCE SYSTEM**

With the enhancement of the composite strength of developing countries, especially emerging market economies, the rising Global South is playing an increasingly important role in promoting world peace, maintaining fairness and justice, and cooperating to address global challenges. It has thus become an indispensable key force in global economic governance.

First, from the perspective of values, ideas and development visions, development and revitalization, fairness and justice, and inclusiveness and benefit for all are the common value pursuits of the Global South and also the expectations of the Global South for the reform direction of global economic governance. Specifically, the Global South takes poverty-eradication and development financing as urgent demands, energy and food security as core concerns, economic development as an unremitting pursuit, and economic growth and innovative development as goals and visions. For example, the G20 Summit held in Brazil in 2024, with the theme of “Building a Just World and a Sustainable Planet” and “Fight against Hunger and Poverty” as the top priority, reflects the pursuit and desire of the Global South for achieving development and prosperity and realizing modernization. In the same year, in the general debate of the 79th Session of the United Nations General Assembly, the representatives of the Global South countries issued a strong call for jointly promoting peace and development and improving global governance. The development of the Global South and the globalization process are closely interconnected and are advancing simultaneously. The Global South actively embraces inclusive economic globalization, opposes the “center-periphery” economic-monopoly globalization, adheres to multilateralism, advocates multilateral governance and fairness of rules, opposes unilateralism and protectionism, emphasizes common development, and advocates the establishment of a fair and equitable new international order. With the collective rise

of the Global South and the enhancement of its strategic autonomy, its development concept is gradually transforming from demands and visions into actions and practices of participating in global economic governance.

Second, from the perspective of change in strength, the Global South is the basic force promoting world multi-polarity and also the main force promoting the reform of the global economic governance system. For a long time, the Global South has been a passive participant in the globalization process and lacks the strength to shape the global economic governance system. Since the 21st century, the economies of the Global South countries have developed rapidly, becoming the key force promoting the development of world multi-polarity. In 2013, the total GDP of emerging markets and developing economies exceeded that of developed countries for the first time, accounting for 56.4% of the world. In 2023, this proportion rose to 58.8%, and it will further increase in the future. This means that the structure of the world economy with the West as the “center” and the vast Global South countries as the “periphery” will no longer exist.

Third, from the perspective of rules making and mechanism building, the Global South has become the builder and reformer of the global economic governance system. It has achieved a historical breakthrough by creating new multilateral mechanisms and reshaping the system of rules. The establishment of the Asian Infrastructure Investment Bank (AIIB) and the New Development Bank (NDB) of BRICS, and the proposal of multilateral initiatives such as the Belt and Road Initiative and the Global Development Initiative are all supplements, improvements and optimizations of the traditional global economic governance system, enhancing the legitimacy and effectiveness of global economic governance and helping to alleviate the deficits in governance, development and democracy faced by the world today.

China is the world’s largest developing country and a natural member of the Global South. “The Global South emerges for development and prospers through development. We should make ourselves the main driving force for common development. We should play an active and leading role in the global economic governance reform, and make development the core of international economic and trade agenda,” President Xi Jinping emphasized. China is a firm supporter of economic globalization and an advocate and promoter of an open world economy. In the face of the resistance to re-globalization and the reform dilemma of global economic governance, China will unite with the

Global South countries and continuously inject Chinese strength into the reform and improvement of the global economic governance system, playing a greater role in breaking the dilemma of global economic governance and leading the transformation of the global economic governance system. Firstly, China is committed to enhancing the representation and voice of the Global South in the global economic governance system to make the institutional system of global economic governance adapt to the global economic power contrast. On the one hand, it will actively promote the reform of traditional international financial institutions such as the World Bank and the IMF. While enhancing their governance effectiveness, China will focus on promoting the reform of the governance structure of these institutions to make them better reflect the due status of developing countries. On the other hand, China will make full use of the emerging multilateral mechanisms of the Global South such as the AIIB and the NDB to leverage more development financing, promote the sustainable and common development of the Global South, and make the process of economic globalization more inclusive. Secondly, China will always adhere to the global governance concept of extensive consultation, joint contribution and shared benefits, bridge the ideological division and shape value consensus with the Global Civilization Initiative. By making full use of the existing bilateral and multilateral exchange mechanisms of the Global South, China will work to transform the basic proposition of the Global Civilization Initiative, which contains “respecting the diversity of civilizations, and letting cultural exchanges transcend estrangement, mutual learning transcend clashes, and coexistence transcend feelings of superiority”, into a consensus and action on cooperating to address global challenges, laying a solid ideological foundation for promoting the establishment of a fair and equitable global economic governance system. Thirdly, China will adhere to true multilateralism and firmly safeguard the multilateral trading system with the WTO as the core. China will continuously promote the reform process of the WTO, give play to the role of regional multilateral trade agreements, and hedge against the damage of Trump 2.0’s unilateral trade policy to the international trade order with “rules-based trade governance”. In the process of rules-making in emerging fields such as digital trade, data flow and green tariff, the Global South countries need to step up cooperation to ensure that emerging mechanisms can be built in a fair and equitable way, thus offering sound institutional guarantee for the common development of the world. ■

# EU'S ECONOMIC STRATEGY TRANSFORMATION AND CHINA-EU ECONOMIC AND TRADE RELATIONS

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Since the beginning of European integration, the European Community has been committed to building an internal single market. Economically, it has been encouraging free competition, combating monopolies, and cautiously using industrial policies. Following the easing of the international situation after the Cold War and the continuous advancement of economic globalization, the EU gradually prioritized economic efficiency over geopolitical factors, forming an economic development strategy centered on advocating “market competition” and pursuing “economic efficiency”. However, in recent years, due to a series of internal structural problems such as weak innovation, slow industrial transformation, and institutional constraints, compounded by external shocks and challenges like the financial crisis, the COVID-19 pandemic, and the Ukraine crisis, the EU has been forced to change course. It is now transitioning towards an economic strategy with “competitive innovation capability and economic security” as the core and “open strategic autonomy” as the goal. This transformation is leading to profound adjustments within the EU's internal economic structure and having a significant impact on China-EU economic and trade relations.

## THE TRANSFORMATION OF THE EU'S ECONOMIC STRATEGY

In recent years, the EU has placed competitiveness at the core of its economic agenda. Focusing on the principles of “stimulating innovation”, “reducing risks”, and “im-

proving the market”, it has launched dozens of economic policies. Balancing short-term challenges with long-term reforms, the strategy not only focuses on deepening the integration of the internal single market, but also responds to external risks. It aims to help the EU escape its current predicament of weak innovation, economic stagnation, and gradual lagging in global competition.

### I. Promoting Innovation-Driven Transformation in Technology and Industry: “Green” and “Digital” Dual Drivers

With the dual drivers of green and digital transformation, promoting technological innovation and industrial transformation has become the top priority of the EU's economic strategy. European Commission President Ursula von der Leyen explicitly stated: “The EU will put research and innovation, science and technology at the heart of our economy.” The EU is committed to supporting the rise of cutting-edge industries and empowering traditional sectors through breakthroughs in advanced technologies, thereby boosting its overall economy and strategic autonomy. In 2022, the EU released the New European Innovation Agenda. In 2024, it established the post of “commissioner for startups, research, and innovation” and pledged to propose the European Innovation Act to push member states to achieve the target of 3% GDP investment in research and innovation, expand the influence of the European Innovation Council, and prioritize strategic areas such as green and digital transition technologies, biotechnology, life

sciences, and advanced materials.

Green transition policies reflect the EU's desire to maintain its "leadership role" in global climate governance while striving to resolve the contradiction between its high green ambitions and low green production capacity, thereby protecting its industrial advantages. In terms of standards and rules setting, in 2019, the EU proposed the goal of achieving carbon neutrality by 2050 in the European Green Deal. Since then, it has continuously strengthened its policy toolkit, building a regulatory system covering the entire lifecycle and all areas of the green industrial chain to steer the economic model towards low-carbon, high-efficiency, and sustainable development. The Fit for 55 package, as its core supporting action, sets the target of reducing greenhouse gas emissions by at least 55% compared to 1990 levels by 2030. Through multiple mechanisms such as carbon pricing, increasing the share of renewable energy, and improving energy efficiency, it reshapes resource allocation rules. In terms of green production capacity, the 2023 Green Deal Industrial Plan emphasizes accelerating the R&D and deployment of clean energy and green technologies. Through the four pillars, namely simplifying regulation, facilitating financing, enhancing labor skills, and ensuring fair trade, it aims to build a more resilient green industrial system. The Net-Zero Industry Act further specifies that by 2040, the EU should host 15% of global production capacity for relevant products, and enhance its own green production capacity. Regarding international competition and protection of green goods and industries, the Carbon Border Adjustment Mechanism officially came into effect in 2023, imposing a "carbon tariff" on high-carbon products for the first time, designed to combat "carbon leakage" and protect EU companies. The Regulation (EU) 2023/1115 on Deforestation-Free Products, the new Battery Regulation (EU) 2023/1542, and the Clean Industrial Deal collectively build the EU's green and low-carbon economic system from perspectives like protecting biodiversity, formalizing battery lifecycle management, and increasing investment support for clean manufacturing, while demonstrating its "normative power".

To compete for dominance in the digital domain and improve its insufficient competitiveness, the EU has been intensively rolling out digital policies, establishing digitalization as another major pillar of its economic strategy. In digital standards setting, the 2030 Digital Compass sets four goals for the "digital decade": strengthening digital infrastructure, accelerating business digitalization, improving



*On March 31, 2025, the Hannover Messe 2025, themed "Empowering Sustainable Industrial Development", was held in Hannover, Germany.*

digital public services, and enhancing digital skills, aiming to achieve "technological sovereignty" by 2030. In digital regulation, the EU successively enacted the Digital Markets Act (DMA) and the Digital Services Act (DSA). While their purpose is to maintain market order and protect user rights, they also aim to enhance the economic position and market share of EU companies through digital governance, implicitly harboring economic considerations to contain Chinese and American counterparts. The DMA primarily targets non-EU digital giants, especially relevant US companies, restricting them from gaining dominant market positions to create a more favorable development environment for EU-based enterprises. The DSA mandates platforms to fulfill obligations such as content moderation, cyber security, and transparent operations under the guise of protecting user rights. These measures objectively raise the compliance threshold for non-EU digital companies operating in Europe. In promoting digital production capacity, the European Chips Act plans to increase the EU's share of global semiconductor manufacturing capacity to 20% by 2030 to reduce dependency. In digital security protection, the Cyber Resilience Act establishes mandatory security requirements for digital products manufactured, imported, or sold in the EU to reduce the likelihood of cyber attacks. The EU Artificial Intelligence Act strives to ensure the safety and trustworthiness of AI technology through "strict regulation". In digital application, the EU's Data Act aims to build "data spaces" covering multiple sectors such as industry, healthcare, agriculture, and energy, leveraging the full potential of data-driven innovation to enhance Europe's competitiveness and social welfare. The European Defence

Industrial Strategy and the ReArm Europe Plan invest more funds in the defense sector, supporting the development of key defense industries.

## II. Focusing on Economic Security: From “Open Competition” to “Defense Autonomy”

The EU’s economic strategy is transforming from “open competition” to “defense autonomy”, reflecting its urgent need to enhance the resilience of the single market and strengthen strategic autonomy in the current geopolitical and economic context. Recently, the EU has successively issued the EU Regulation on Foreign Direct Investment Screening, the International Procurement Instrument, the Foreign Subsidies Regulation, and the Anti-Coercion Instrument, granting the European Commission greater powers to scrutinize “non-EU government subsidies and related market behavior”, preventing third countries from entering the EU market through “unfair competition practices” or exerting “coercion” on the EU.

The European Economic Security Strategy published in June 2023 proposed to achieve “de-risking” goals through “enhancing competitiveness, strengthening self-protection, and building broader economic cooperation”. Unlike past concepts like “free competition” and “economic efficiency first”, the status of “security factors” in EU economic decision-making has risen significantly, with markedly strengthened control over frontier technologies and critical raw materials security. In 2024, the EU successively released the White Paper on Outbound Investments and the White Paper on Export Controls, focusing on ten key technology fields including advanced semiconductors, artificial intelligence, quantum technology, and biotechnology. All of these aims to strengthen export controls and investment screening for dual-use technologies, prevent sensitive industrial technology outflows, and safeguard the EU’s long-term competitiveness and security boundaries in strategic technological areas. The Critical Raw Materials Act sets upper limits for the supply of strategic minerals from any single country, promotes supply diversification, strengthens economic ties with traditional Western allies and Global South countries, so as to reduce dependence on major suppliers like China, and disperse risks.

## III. Improving Institutional Construction: Deepening and Expanding the EU Single Market

A series of EU strategic assessments call for rebuilding single market competitiveness. In April 2024, the European

Commission published the Letta Report, pointing out that insufficient integration in key markets like finance, energy, and digital is the core bottleneck constraining EU’s competitiveness, and called for enhanced cross-border investment and technological coordination. In September of the same year, the European Commission’s Draghi Report on EU Competitiveness emphasized the significant gap between the EU and China and the US in innovation, productivity, and strategic investment. It urgently advocated for innovation-driven economic leaps through public investment, fiscal coordination, and scientific and technological cooperation. In January 2025, the European Commission stated it would be guided by the Draghi Report on EU Competitiveness and the EU Competitiveness Compass to strengthen actions in the three core areas of innovation, de-carbonization, and security, so as to promote the modernization and strategic upgrade of the single market.

The single market is the core pillar of European integration, with deepening and expansion being its two main paths. On the one hand, in traditional market areas like goods, the EU is committed to eliminating non-tariff barriers between member states, improving market efficiency, and overcoming bureaucracy by strengthening regulatory harmonization and standard unification. Regarding enhanced emergency capacity, the Single Market Emergency Instrument supports building a systematic framework combining emergency forecasting, rapid response, and industrial coordination to improve shock response capabilities. In institutional innovation, the Letta Report proposes creating a “28th regime”, offering businesses a set of optional EU-wide rules while preserving the applicability of national laws. In January 2025, the EU established a “Project Group on Startups and Scaleups” to assist implementation. On the other hand, the EU continues to expand single market construction in key areas like finance, energy, and digital communications. In financial markets, the EU has made progress in unifying the bond market and broadening financing channels for small and medium-sized enterprises (SMEs). During the COVID-19 pandemic, jointly issued EU bonds served as financing tools for the “Next Generation EU” recovery plan, enabling conditional transfers of fiscal resources among member states. Simultaneously, the EU promoted the construction of cross-border instant payment systems and launched a regulation on a framework for Financial Data Access in June 2023 to enhance intra-EU financial data access and sharing capabilities. In the energy market, the EU promotes cross-border electricity grid inter-

connections, integrated green energy trading mechanisms, and unified energy reserve allocation systems. Through the REPowerEU Plan, it aims to reduce dependence on Russian energy, expand renewable energy supply, and accelerate grid construction. Regarding the communication and digital market, the Letta Report stated that the EU must advance a “fifth freedom” covering education, scientific research, innovation, and data to improve the digital communication market. The EU simplified approval procedures for high-speed networks through the Gigabit Infrastructure Act and strengthened the construction of the latest generation of communication technologies. Furthermore, the EU promotes cross-border free flow of data through the Data Act, complementing the DSA and DMA to strengthen digital market rule coordination.

### REASONS BEHIND THE EU’S ECONOMIC STRATEGY TRANSFORMATION

The main reasons behind the EU’s economic strategy transformation are its own shortcomings in technological innovation and economic security, and the structural defects and underdevelopment of the single market.

First, insufficient technological innovation is the fundamental reason driving the EU’s search for economic strategy transformation. On the one hand, the EU lacks competitiveness in frontier industrial sectors represented by information and communications technology (ICT). It has fallen behind in the global internet and digital waves, and the gap with China and the US in semiconductors, AI, and biotechnology has widened. According to data from Germany’s Statista, among the world’s top ten most valuable tech companies by market capitalization, eight are American, two are Chinese (including China’s Taiwan region), with none from the EU. On the other hand, technological innovation has failed to effectively empower the transformation of traditional industries. The EU possesses “first-mover advantages” in traditional medium-tech industries like automobiles and machinery manufacturing and continues to receive significant innovation investment, but has lagged in the ICT innovation wave, falling into a “middle technology trap”. The commercialization of EU scientific research outcomes is slow, as basic research findings struggle to secure large-scale venture capital to rapidly generate industrial benefits. The Draghi Report on EU Competitiveness points out that Europe’s over-reliance on indirect financing methods like the banking system,

insufficient public investment capacity, and lack of an innovation atmosphere have led to the long-standing dilemma of “inventing in Europe while applying elsewhere”.

Second, non-traditional security factors and geopolitical conflicts have highlighted the EU’s economic security vulnerabilities. The COVID-19 pandemic and the Ukraine crisis have intensified the EU’s concerns about its economy, supply chain security, and external risks. This urgently necessitates accelerated restructuring of production and supply chains and a comprehensive strengthening of the capability in safeguarding the economy and security. The pandemic exposed the EU’s external dependency weaknesses in critical medical supplies and basic provisions, prompting the activation of “strategic reserve” mechanisms and promoting localized production. The Ukraine crisis has suspended the EU’s energy supply chain, caused price surges, shocked the energy-intensive industries, and led to their relocations, forcing a focus on energy autonomy and raw materials security. The European Critical Raw Materials Act and the Clean Industrial Deal require concentrating the mining, processing, and recycling of materials like lithium and rare earths within the EU or its “trusted partner” countries. This “friend-shoring” approach to economic security significantly hinders EU cooperation with China. This series of shifts is actually influenced by the US’s “small yard, high fence” strategy of technological containment against China. The US and the EU have actively coordinated their policies towards China through the EU-US Trade and Technology Council (TTC), jointly pressuring China in areas like semiconductors, AI, and export controls. In June 2023, the



On February 26, 2025, in Antwerp, Belgium, the EU convened the European Industry Summit 2025 and unveiled the Clean Industrial Deal.

US and the EU signed the Critical Minerals Agreement, explicitly excluding Chinese companies from relevant supply chains. In October the same year, the US and the EU reached the Global Arrangement on Sustainable Steel and Aluminium, containing restrictions clearly targeting Chinese steel and aluminum products. While coordinating with the US, the EU has long faced asymmetric pressure in transatlantic relations. To increase its bargaining power in international negotiations and enhance economic defensive capabilities, the EU continuously improves economic and trade countermeasures, such as the introduction and application of the “Anti-Coercion Instrument” regulation, etc.

Third, the single market suffers from institutional defects and underdevelopment, severely hindering EU economic innovation and growth. Firstly, market fragmentation and non-tariff barriers increase internal trade costs. Internal obstacles like low mutual recognition of professional qualifications, differing packaging standards, and monopolies in specific sectors weaken the practical effect of the “free movement” principle. An IMF report estimates that the hidden costs of cross-border trade in Europe are equivalent to 45% of goods tariffs and 110% of services tariffs. Secondly, excessive EU regulation is a major obstacle to business innovation and expansion. Burdensome disclosure obligations increase compliance costs; reporting requirements on data privacy and battery lifecycles, while strengthening the protection of citizens’ rights and the natural environment, impose heavy burdens on businesses. Thirdly, the existing single market revolves more around the “four freedoms” of capital, labor, goods, and services, lacking coverage for the free flow of elements like education, research, and data. Finally, insufficient willingness to cede sovereignty has long constrained the deepening process of the EU single market. For example, the EU Capital Markets Union action plan proposed nearly a decade ago remains stalled due to member states’ reluctance to relinquish control over national financial rules.

### IMPACT OF THE EU’S ECONOMIC STRATEGY TRANSFORMATION ON CHINA-EU ECONOMIC AND TRADE RELATIONS

The transformation of the EU’s economic strategy, on the one hand, opens new spaces for China-EU economic and trade cooperation, particularly in areas like green energy and digital technology, as well as rules making,

where the two sides possess high complementarity and considerable cooperation potential. On the other hand, the EU’s growing tendency towards “pan-securitization” policies and defensive trends have significant negative impacts, compressing the space for China-EU cooperation in investment, trade, technology, and even people-to-people exchanges. While the Trump administration’s abuse of tariffs has to some extent strengthened the willingness for economic and trade cooperation between China and the EU, this effect remains limited.

#### I. The Negative Impact of the EU Economic Strategy’s “Pan-Securitization” Tendency on China-EU Economic and Trade Relations

In 2019, the EU defined China as a “partner, economic competitor, and systemic rival”, setting the tone for its China policy shift towards “defensive engagement”. In 2023, European Commission President Ursula von der Leyen first proposed “de-risking” from China, advocating for reducing dependence on China in key areas like critical raw materials, technology, and infrastructure while maintaining communication and cooperation. This stance



(Photo/C Photo)

was quickly systematized as the core of the EU and its member states' strategy towards China, leading to a trend of "pan-securitization" in China policy and a deterioration in the atmosphere for China-EU economic and trade cooperation. Recently, EU economic and trade policy towards China has hardened again. On June 2 this year, the European Commission decided to restrict Chinese companies' participation in EU medical device tenders. At the 2025 G7 summit, European Commission President Ursula von der Leyen called on the US and allies to jointly address China's dominance in the raw materials sector. On June 17, the EU unilaterally canceled the China-EU High-Level Economic and Trade Dialogue, citing "lack of progress on trade issues". At the member state level, Germany released its first National Security Strategy in June 2023, comprehensively outlining a vision of comprehensive security, proposing reducing external dependencies in key strategic sectors and protecting the country from extraterritorial interference. At the European corporate level, especially among SMEs, investment strategies are shifting from the globalization logic of "in China for globe" to the "de-risking" logic of "in China for China".



*On June 12, 2025, visitors were examining a robotic dog manufactured by Chinese enterprise Unitree Robotics, at the Viva Technology 2025 held at the Expo Porte de Versailles, Paris, France.*

Many European manufacturers, for risk management reasons, no longer see China as a node in global production and supply chains, but only as an indispensable market, significantly impacting China-EU trade and investment. In terms of trade, China-EU bilateral trade volume decreased by 14% year-on-year in 2023. In 2024, EU exports to and imports from China fell by 4.5% and 0.5% year-on-year respectively. From January 2023 to December 2024, EU goods exports to China fell by 12.5%, while exports to other non-EU countries grew by 3.0%. In terms of investment, compared to 2022, it fell by 29% in 2024. Recent EU foreign direct investment (FDI) in China has increasingly taken the form of "profit reinvestment". Affected by trade barriers related to foreign investment review mechanisms such as the Foreign Subsidies Regulation, Economic Security Strategy, and General Data Protection Regulation, Chinese investment in the EU has declined steadily since peaking in 2016, only seeing a significant jump in 2024.

Furthermore, the EU's "de-risking" policy towards China shows a trend of generalization. The EU is not only securitizing economic issues like high-tech and critical infrastructure, but also gradually placing research, education, and people-to-people exchanges within the context of security. Recently, media in Germany, Sweden, and other countries have repeatedly claimed that "the China Scholarship Council (CSC) uses contracts to control students and scholars going abroad for exchanges, constituting a serious security risk". The CSC-funded applications have been frequently rejected by European universities. The reality of securitizing economic issues and generalizing security concerns inevitably affects China-EU economic, trade, and people-to-people exchanges.

## **II. EU's Ambivalence Constrains China-EU Cooperation Space Under the Green and Digital "Dual Transformation" Economic Strategy**

The EU's advancement of its green and digital "dual transformation" economic strategy opens new areas for China-EU cooperation, particularly in clean energy, green technology, and digital infrastructure, where high complementarity exists. In the green economy, by 2030, the EU's demand for rare earths needed for wind power and electric vehicles is expected to grow 5 to 6 times. The EU faces a severe shortage of mineral supplies, while China accounts for nearly 70% of global rare earth production, indicating huge cooperation potential. However, the EU's ambivalent policy towards China constrains the full release of this po-

tential. For example, in clean energy, the EU suffers from severe capacity shortages and relies on imports from China. In 2023, Chinese photovoltaic products accounted for over 80% of the EU market share, and wind power equipment exceeded 35%. Price-wise, Chinese photovoltaic modules were on average 30%-40% cheaper than European products, and wind equipment 25%-35% cheaper. Chinese products provide crucial support for the EU to achieve cost-effective low-carbon transformation. Yet, the EU's strengthening of exclusive industrial and economic security policies raises market access and compliance barriers for Chinese companies and goods. Disputes also exist over new energy vehicles. In the digital economy, on the one hand, achieving the goal of "digital sovereignty" is not possible without Chinese technology and investment support for the EU. On the other hand, it harbors concerns about the underlying security risks of over-reliance on China. Driven by "de-risking" policies, the EU launched security investigations into Chinese 5G equipment suppliers like Huawei in October 2023, which did impact cooperation. Thus, while the EU's "dual transformation" strategy objectively provides broad space and new growth points for China-EU cooperation, the EU's strategic anxiety towards China constitutes significant practical resistance.

### III. China-EU Economic and Trade Relations Are Expected to Thaw a Little Under the Impact of Trump 2.0

Trump's return to the White House impacts US-EU relations but also creates some room for manoeuvre in China-EU economic and trade relations. On trade, according to a preliminary agreement reached between the EU and the US on July 27, the US imposed an average 15% tariff on EU goods exported to the US, while the EU pledged USD 600 billion in direct investment to the US and USD 750 billion in energy and arms procurement. Simultaneously, the EU implemented zero tariffs on a large number of US goods. In terms of the international order, the US withdrew again from the Paris Agreement, undermined the WTO Appellate Body, opposed free trade and the multilateral order, and implemented economic and trade coercion and bullying against China, the EU, and others. Against this backdrop, China-EU relations have seen some degree of easing. Particularly, the China-EU Summit on July 24 reached important consensus, including on climate change. This, coupled with the prior decision by both sides to promote solutions like a minimum price commitment mecha-

nism to resolve the EV dispute, indicates that under the impact of Trump 2.0, China and the EU intend to ease economic and trade conflicts, promote bilateral trade and investment, deepen global economic governance cooperation, and uphold free trade and multilateral mechanisms to resist US unilateralism and economic and trade bullying.

Of course, whether in capability or willingness, the EU still cannot do without the US. The two are deeply intertwined economically, energetically, militarily, and even ideologically. Therefore, facing US bullying, the EU can only offer limited countermeasures and is forced to accept unequal economic and trade agreements that provoke significant internal dissent.

## CONCLUSION

Structural problems such as weak innovation, lagging industrial transformation, and institutional defects, compounded by non-traditional security and geopolitical shocks, have forced the EU to shift from an economic strategy of "full competition, pursuit of economic efficiency" during the hyper-globalization phase to one of "emphasizing innovation, relying on industrial policy, and focusing on economic security" in the era of limited globalization, while pursuing economic "open strategic autonomy". As the essence of "open strategic autonomy" indicates, on the one hand, the EU hopes that implementing its new economic strategy and a series of policies will achieve the strategic goals of internally promoting innovation and externally "de-risking and reducing dependencies". On the other hand, both the single market composed of internal member states and external markets including China require "high openness" based on the principles of free trade and multilateral institutions. The "de-risking" approach inevitably risks over-correction and proves unworthy. The Trump administration's trade protectionism and unilateralism not only worsen the EU's economic and trade situation but also bring some opportunities for a thaw in China-EU economic and trade relations. China and the EU should fully summarize the cooperation experience since the establishment of diplomatic relations 50 years ago, respect each other, seek common ground while reserving differences, adhere to openness, promote the orderly development of bilateral economic and trade relations on a new starting point, and jointly uphold a fair and just international economic order. ■



- ▲ The first phase of the Lagos Rail Mass Transit (LRMT) Blue Line, constructed by China Civil Engineering Construction Corporation, went into operation in September 2023. It has greatly relieved the traffic pressure in Lagos State and enhanced the vitality and sustainable development of the local economy.
- ◀ This is a recent photo of Isabella, a young Nigerian woman who knew almost nothing about railway systems three years ago, has now become the first female light rail driver in Western Africa.

(Photo/CNS)



A NIGHT SCENE OF THE NANJING CONFUCIUS TEMPLE IN NANJING, JIANGSU PROVINCE, CHINA, SHOT ON APRIL 5, 2025.

(PHOTO/RENMIN)

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