

**The Big Read** **US-China trade dispute**  
**China's diplomatic charm**  
**offensive**

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Leaders are touring the world both to push back against US influence and also to shore up its export markets as its trade surplus rises

**Joe Leahy** in Beijing

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After China unilaterally dropped sanctions on several members of the European parliament last week, the government was very clear that it has not merely decided to play nice.

Beijing insisted that the expected price for removing the sanctions, originally imposed four years ago during a dispute over alleged human rights abuses in the Xinjiang region, was co-operation with China on trade.

“Our joint effort . . . to uphold the multilateral trading system and promote trade liberalisation . . . will bring much-needed stability and certainty to the world economy,” said Guo Jiakun, China’s foreign ministry spokesperson.

Beijing’s attempt at [rapprochement](#) with the EU is just one part of a frenzied global charm offensive that China has embarked on since US President Donald Trump unveiled his “liberation day” tariffs on April 2.

In the past month, President Xi Jinping has [visited](#) important regional trading partners Vietnam, Cambodia and Malaysia. He is due to meet several more heads of state this week in Moscow for Russian President Vladimir Putin’s Victory Day celebrations. A few days later, Xi is expected to receive Brazilian President Luiz Inácio Lula da Silva and other regional leaders in Beijing during a ministerial meeting of the China-Community of Latin American and Caribbean States.

The diplomatic campaign underlines how for China, Trump’s latest trade war is a critical moment — both as a chance to push back against US influence around the world, but also for heading off any threat to its other export markets.

Weak domestic demand has left China dependent on external markets to absorb products from its vast factories, which account for about a third of the world’s total manufacturing capacity.

Keeping global markets open to its goods is consequently of vital economic importance — if not in the US, then at least in other countries.

For many countries, it is a message they cannot afford to ignore. With the US threatening to levy punitive “reciprocal” tariffs even on poor economies, many world leaders are desperate to keep the multilateral trading system alive.

“China sees the current moment in US foreign policy as a golden opportunity to win friends and influence people around the world,” says Neil Thomas, a fellow at the Asia Society Policy Institute’s Center for China Analysis. “Beijing is positioning itself as the new champion of economic globalisation now that Washington has disavowed that agenda.”

But the central challenge for Beijing as it rallies global support is that it has fraught trading relationships with countries beyond the US.

China, which had a [record trade surplus](#) last year of nearly \$1tn, has built such an overwhelming dominance in a range of industries that many of its trading partners were concerned about being swamped by Chinese goods, even before the current trade hostilities.

“China has surpluses, not just with the US, not just with Europe, but with 172 economies in the world,” Bert Hofman, a former Beijing-based country director for

China at the World Bank, told a meeting of the Foreign Correspondents' Club of China. "And if you have surpluses with 172 economies in the world, that's not a great soft power position."

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**For a 71-year-old**, China's foreign minister Wang Yi maintains a travel schedule and hectic meeting agenda that would put many younger people to shame.

Since Trump launched the latest phase of his trade war, Wang has met scores of foreign ministers and heads of state from almost every corner of the world, ranging from Nigeria and Switzerland to Japan and Uzbekistan. He has wasted little opportunity to canvass support against Washington's efforts to isolate China on global markets.



China's Wang Yi positions Russia's Sergei Lavrov ahead of a photo session at the Brics meeting in Rio de Janeiro. Since Trump launched the latest phase of his trade war, Wang has met scores of foreign ministers across the world © Renato Spyro/Reuters

"China is willing to work with African countries . . . including Nigeria, to jointly reject protectionism, oppose hegemony and bullying," he told Nigerian foreign minister Yusuf Tuggar in Rio de Janeiro on April 29, at a meeting of the Brics group of emerging nations.

Wang's recent peregrinations build on efforts by China since 2023 to revive relations with trading partners that were damaged during the pandemic. These range from Australia, where China blocked some exports over Canberra's calls for Beijing to investigate the origins of Covid, to India, which stopped Chinese

investments after military clashes along the two countries' Himalayan border in 2020. Beijing has also resumed tripartite meetings with Japan and South Korea, Washington's close allies in north-east Asia.

These efforts have been boosted by Trump's decision last month to announce crushing "reciprocal" tariffs not just on China but also on the rest of the world, says Yun Sun, director of the China Program at the Stimson Center.

While China suffered the worst of the tariffs, Trump also imposed steep levies on other countries, including some close US allies, before eventually pausing these for 90 days for negotiations.

"They [Beijing] were mentally readying themselves for a lot of storms in terms of US-China relations, but I don't think they were expecting the US would take it out on the whole rest of the world," Sun says.

Beijing's immediate thought, she adds, was "let's exploit the opportunity and present China as the more stable power in the world and try to get countries on our side".

Its first priority was to secure the support of its immediate neighbours in south-east Asia. Xi's tour of Vietnam, Malaysia and Cambodia, which are members of the Association of Southeast Asian Nations (Asean), aimed to strengthen trade ties with the bloc, which is China's largest trading partner, analysts say. Many of these countries also act as re-export hubs for Chinese manufacturers avoiding tariffs on shipments to the US.

Xi received a warm reception. Malaysian Prime Minister Anwar Ibrahim, whose country is chairing Asean this year, agreed with Xi to push for an “early” signing of the latest version of a free trade agreement between the bloc and China.

By contrast Trump would have his work cut out persuading south-east Asian countries to significantly reduce transshipments of Chinese goods given their trading relationships with Beijing, said Gavekal analyst Tom Miller in a recent note.

South-east Asian countries “will negotiate hard to retain access to the US market, but not at the expense of riling the mighty dragon next door”, added Miller.

For the rest of the developing world, China can rely on its deep economic ties to counterbalance US lobbying efforts on trade.

Not only has the Chinese government sought to build economic influence in developing countries through its vast \$1tn infrastructure programme, the Belt and Road Initiative, but Chinese companies are also now investing en masse in manufacturing in these nations to counteract US tariffs on direct production in China.

China's overseas direct investment rose 10 per cent last year to \$162bn and is up sharply from \$117bn in 2019, before the pandemic.

“In recent decades, China through the BRI has co-operated with about 150 countries including most of the global south . . . investing in ports, railways and infrastructure,” says Qian Feng, a senior research fellow at the National Strategy Institute at Tsinghua University. “Now [China is] also the largest global south trade partner, whether in Africa or Latin America.”

China has sought to overlay this growing trade and investment relationship with its own geopolitical priorities — launching a series of [“initiatives”](#) covering security, development and principles of international relations that advocate non-interference in another country's affairs.



People in Phnom Penh, Cambodia, hold pictures of China's President Xi Jinping and Cambodia's King Norodom Sihamoni during the former's visit in April to bolster ties with members of the Asean trade bloc © Agence Kampuchea Press/Reuters

China has long championed multipolarity — a stance scholars say was until now mostly aimed at chipping away at what Beijing calls US hegemony.

But Trump's trade war may have given Beijing an opportunity to expand its influence by stepping in to play the champion of the existing global trading order in the place of the US.

Speaking at China's Boao Forum for Asia in March, one of Beijing's premier international conferences, Huang Yiping, dean of the National School of Development at Peking University, said the "good side" of the current situation was that the existing global economic order was already in place, including the UN, IMF, World Bank and other institutions.

"Despite the fact that the US influence might be declining, the rest of us should still work together and at least sustain that order," Huang said.

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**While Trump may have handed** Beijing the momentum in their superpower tussle for influence, China faces a number of potential threats.

Chief among them is pushback from non-US trading partners, including the EU, Brazil, India and Turkey, against China's large trading surpluses of industrialised goods

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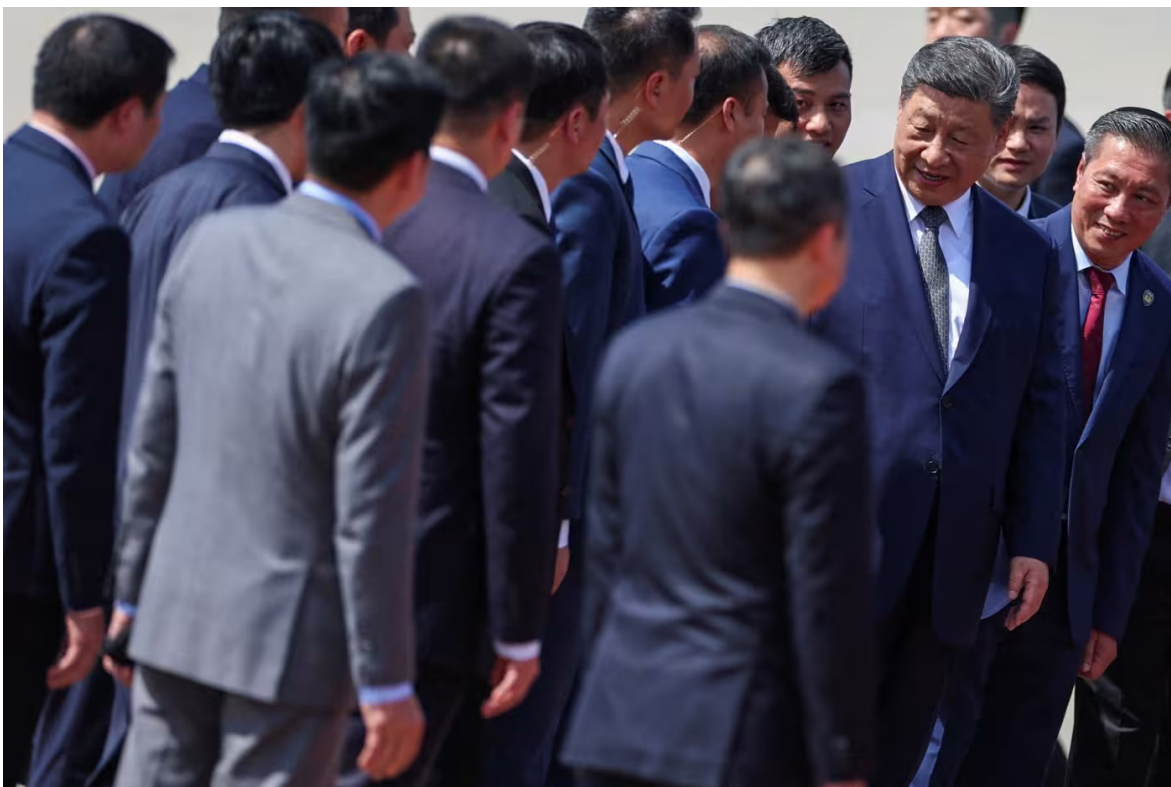
China was the subject of [198 trade investigations](#) by WTO members over alleged dumping or illegal subsidies last year, double the tally of the previous year and accounting for nearly half of all measures reported to the global trade body, according to research by Peking University economics professor Lu Feng.

More than half of the trade cases against China last year were initiated by developing countries, including India, Brazil and Turkey. Even close partner Russia has [pushed back](#) on China's car exports.

More and more emerging markets, from Brazil to India, are trying to keep out Chinese goods, says Hofman, the former World Bank China country director. "So if China believes it can reallocate this 2.5 percentage points of GDP that they [currently] export to the US, just somewhere else, that's not going to happen," he says.

The toughest nut to crack for China's diplomatic charm offensive — and one of the most important in terms of trade — is expected to be the EU.

China's exports to the EU have more than doubled in terms of value in the past decade, resulting in record Chinese surpluses with the bloc. Last year, the gap was €304.5bn. The European Commission has responded with tariffs on China's electric vehicles as well as multiple trade defence investigations into Chinese products ranging from steel cylinders to decorative paper.



President Xi during his visit to Hanoi, Vietnam. With the US threatening to levy punitive 'reciprocal' tariffs even on poor economies, many world leaders are desperate to keep the multilateral trading system alive © Athit

on poor economies, many world leaders are desperate to keep the manufacturing trading system alive © /Anm Perawongmetha/Reuters

In the wake of “liberation day”, European Commission president Ursula von der Leyen signalled a thaw in trade relations during a call with China’s Premier Li Qiang. The pair called for a “negotiated resolution” to provide “stability and predictability” for the global economy in the face of US tariffs. Von der Leyen and president of the European Council António Costa are now planning to travel to Beijing in July to meet Xi.

But privately, European diplomats in Beijing warn that the bloc’s differences with the US do not automatically translate into an improved relationship with China. There are deep objections to Chinese trade surpluses and suspicion over its state-driven economic model that diplomats argue leads to overcapacity and deflation.

“It’s good to come back to the root causes and say there’s a systemic problem with the Chinese model,” says one European diplomat in Beijing. [But] “because Trump is acting so rudely, the Chinese will look like the good guys”.

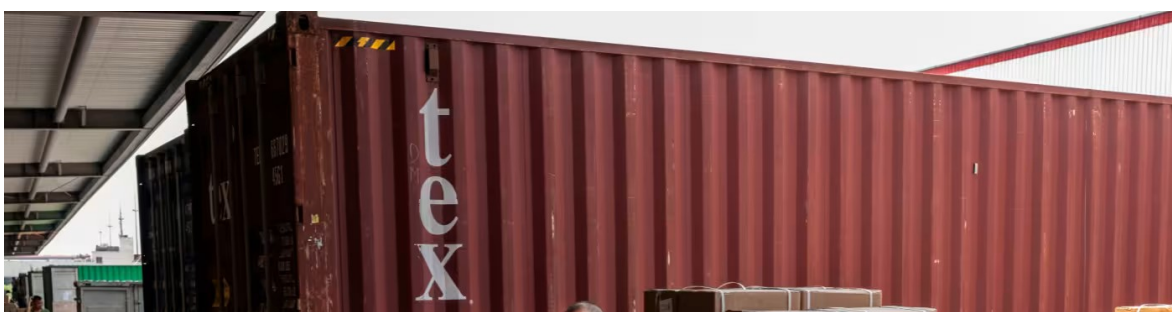
The pitch from China is that now Europe is being “attacked by America”, why not get together and defend the WTO, says another senior European diplomat in Beijing.

But he says the Europeans are still highlighting deep differences over trade and the Ukraine war. They are saying to Beijing that if “you want to improve our relationship, you have to improve these things first”, he says.

Other diplomats say that underneath the friendly overtures, there are still signals of hawkishness in Beijing towards the EU, with Beijing more interested in bilateral deals with individual countries, such as Spain, Hungary, Portugal and Slovakia.

One such signal was Beijing’s appointment of a so-called wolf warrior diplomat, former ambassador to France Lu Shaye, as China’s special representative for European affairs. Lu enraged many in Europe in 2023 when he questioned the sovereignty of former Soviet states and whether Crimea was part of Ukraine.

“It’s very surprising,” says one European diplomat in Beijing of the appointment. “It cannot be by default.”





A worker unloads goods for export in Yiwu, China. Weak domestic demand has left China dependent on external markets to absorb products from its factories, which account for about a third of the world's total manufacturing capacity © Kevin Frayer/Getty Images

While some analysts believe China could reduce trade tensions by investing more heavily in Europe, especially in the automotive and battery sectors, others believe Beijing has little to offer the bloc, given the huge Chinese trade surpluses and its heavy state investment in advanced technologies in direct competition with European companies.

“China’s charm offensive — no matter how timely given Trump’s aggression against the EU — should be ignored,” said Alicia García Herrero, chief Asia-Pacific economist at Natixis in a recent note. “China cannot help the EU to protect itself from Trump’s policies and the benefits from enhancing EU-China relations are not evident.”

Chinese academics say Beijing is not looking for a wholesale reset with the EU, nor for Europe to distance itself from the US — that would be unrealistic in the near term given their decades-long close ties. Beijing wants only to gain some “room” in its relations with the bloc.

“We cannot say that there is a fundamental change of the transatlantic relations but realistically, maybe there is more political room for the EU to develop its relationship with China a little bit more independently,” says Shi Yan, an expert on China-EU policy at the Center for International Security and Strategy in Tsinghua University, Beijing. “This is an opportunity for China and the EU to enhance mutual pragmatic co-operation.”

In the Asia-Pacific region, China’s charm offensive also faces significant geopolitical obstacles, analysts say.

Most of China’s trading partners in the region will still try to court the US, given that Washington is an indispensable counterweight to Beijing on security.

This is especially the case given China’s continued military assertiveness in the

region, such as its increased exercises around Taiwan, clashes with the Philippines over the South China Sea and navy live-fire manoeuvres in the [Tasman Sea](#) between Australia and New Zealand. It is also making diplomatic inroads into Australia's and New Zealand's backyard in the Pacific.

China is "likely to score a lot of own goals through its kind of brash domestic messaging and its aggressive actions in territorial hotspots", says the Asia Society's Thomas. But he adds that the response to China's charm offensive has been "fairly positive" nonetheless.

"I don't think any US allies or partners are going to abandon the search for better relations with the Trump administration because you can't undo decades of defence integration overnight," Thomas adds. "But it's going to make it harder for the United States to build coalitions to counter China."

*Additional reporting by Andy Bounds in Brussels*

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