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EU vows to fix 'China Shock 2.0' via talks with Beijing

By **Philip Blenkinsop** and **Padraic Halpin**

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European Commissioner for Trade and Economic Security Maros Sefcovic speaks at a press briefing at the EU Delegation to China in Beijing, China October 9, 2026. REUTERS/Florence Lo Purchase Licensing Rights

Summary

- Plastics safeguards probe appears closest to launch, Sefcovic says
- Goods trade deficit with China exceeds €1 billion a day
- EU agreed with Beijing to halve vehicle imports from China

DUBLIN, Oct 23 (Reuters) - The European Union should focus on dialogue with Beijing to curb imports of products such as chemicals and machinery to rein in a damaging trade deficit with China, EU ministers said on Friday, as the bloc considers import quotas for plastics.

European Trade Commissioner Maros Sefcovic earlier this month agreed with Beijing for the EU to cut imports of hybrid vehicles from China by more than half to address a deficit that has swelled to more than €1 billion ($1.12 billion) a day, and to support Europe's struggling carmakers.

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Irish Foreign Minister Helen McEntee told a news conference after a ministerial meeting in Dublin that all EU members were determined the Commission should continue dialogue with Beijing

"There's a very clear desire for us to move beyond that (hybrid cars) and to look at other areas, chemicals, machinery. There's a number of issues, agrifood sector, and areas that have been mentioned," she said.

She added that, while dialogue was the priority, the Commission could use existing trade defence tools itself to resolve some imbalances.

Sefcovic told the news conference he had heard every trade minister's views on which sectors should be the next priorities for trade measures.

PLASTICS SAFEGUARDS NEXT IN LINE

He continued that an investigation into safeguards for plastics appeared to be the next to be launched.

"Currently, I think the plastics sector is the closest," he said. "We are looking into whether all the requirements to launch an investigation are in place."

He appeared to be referring to a request for measures to curb imports of PET, the plastic widely used in packaging, which lawyers told Reuters earlier this month had been submitted.

China needs foreign buyers for the flood of relatively cheap state-subsidised goods its own shoppers can't absorb, and the EU is torn between welcoming those imports to ease living costs and keeping them out to rebuild its own factories.

The EU's goods trade deficit swelled to more than €370 billion ($414.25 billion) in 2025 and is on course to break well past €400 billion this year, a situation European Commission President Ursula von der Leyen has called "unsustainable".

European industry says the export surge, dubbed China Shock 2.0, is already causing factory closures and job losses, most notably the 100,000 positions set to go at Volkswagen.

Feedback

China has said in the past it is not the root cause of the EU's problems, but a partner in solving them.

European Commission President Ursula von der Leyen said this week there were growing concerns for chemicals and machinery. Lithuania Foreign Minister Kestutis Budrys said on Friday that pharmaceuticals could also be included.

France's junior minister for trade, Nicolas Forissier, said dialogue was only possible now that the EU was speaking as one.

Chinese authorities "understand when you are clear, when you speak frankly, when you are firm on your positions," he said.

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Reporting by Philip Blenkinsop; editing by Alexandra Hudson

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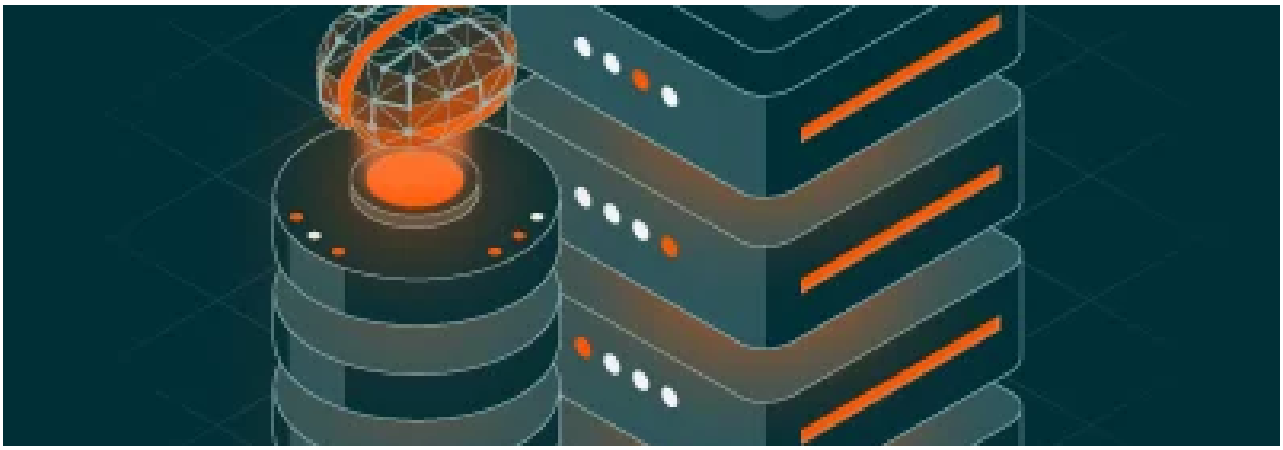
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