EUROPEAN COUNCIL ON FOREIGN RELATIONS
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POLICY BRIEF

MULTI-POLE-ARITY: HOW POLAND CAN HELP EUROPE THINK BIG ON CHINA

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April 2025

SUMMARY

- China's strategic approach to its industrial policy—particularly its trade surplus and dominance in clean technologies—is a growing risk to Europe's competitiveness and economic security.
- Like many other European states, Poland prefers to focus on the bilateral dimension of its relationship with China. But the scale of China's economic threat means the EU's only hope is to address it as a unified bloc.
- Poland should use its growing leadership role in the EU to help shift the bloc towards a more assertive China policy using the available tools. As it confronts the prospect of a trade war with the US, the EU cannot afford vulnerability to China.
- But first, Warsaw will need to recalibrate its own policies by grasping the realities of its trade relationship with China and assessing its vulnerabilities: investments, critical infrastructure and supply chains.

Upsetting the apple cart

In 2016, two years after Russia imposed an embargo on Polish apples, Xi Jinping arrived in Warsaw to seal a deal: the apples would find a new market in China. As Europe's largest—and the world's fourth-largest—apple producer, Poland saw hope in this pivot. A photo of Xi and President Andrzej Duda, smiling as they ate apples together from a crate, quickly became the symbol of that promise. But the deal proved unfruitful: China, itself the world's largest apple producer, was more of a rival than a buyer. Between 2016 and 2019, Poland sold fewer than 2,000 tonnes of apples to China, barely a statistical blip.

Like much of the European Union, Poland has long looked to China as a promising economic partner. But as with the apple deal, the bloc's broader commercial ties with Beijing have largely fallen short. The Chinese leadership's emphasis on boosting domestic production has resulted in a huge trade surplus with Europe. Last year, the EU had a €304bn trade deficit with China. Only Ireland and Luxembourg posted a surplus, while Poland is just behind the Netherlands and Italy in running the largest deficit, at €31bn. Nowadays, Chinese products are dominant in industries key to Poland's economic prosperity and security, including critical infrastructure and clean technologies.

Already facing a trade war with Washington, Poland and Europe more broadly could soon be confronted with another front. Beijing presents a whole new set of challenges to European competitiveness. At this rate, European industry risks being further eroded by Chinese imports. At the same time, the EU's strategic dependence on Chinese products for energy, defence and other industries critical to the bloc's future security put it in an uncomfortable position vis-à-vis its systemic rival.

Unlike Europe, however, China has long been prepared for President Donald Trump's tariffs. It could even gain from America's withdrawal from the global market. But Beijing is the same challenger to the EU as it was a few years ago. It has not changed its strategic objectives; many of them in clear contradiction with European interests. The recent round of tariffs emanating from Washington means that Europeans cannot afford another vulnerability. Instead, they need to move rapidly away from economic dependency on China and safeguard their industries from Chinese competition.

But the current European approach to China is not up to the task. Like Poland, many European states prefer to focus on the bilateral dimension of its relationship. Given the huge asymmetry in economic size, however, no EU country has the capacity to deal with the challenges posed by China on its own. A coordinated approach towards Beijing is needed now more than ever.

With Russia's war in Ukraine pushing Europe to prioritise defence and economic security, Poland's longstanding focus on these issues has become a model for the broader EU. Warsaw is emerging as an influential and ambitious player in the bloc—especially now, as it holds the presidency of the Council of the EU. However, when it comes to China, Poland has long had a blind spot. It remains more of a follower than an agenda-setter. While it has never opposed Brussels's decisions to sharpen the EU's China policy, neither does it come up with its own solutions.

As Europe looks more and more to Poland for policy leadership, this paper argues that Warsaw should become more proactive in shaping the future of EU–China relations, with economic security at its core. But as this paper will also show, to assume this new leadership role Warsaw first needs to recalibrate its own China policy to treat the country not as a promising partner, but as a potential risk.

The risks of China's economic model

Under Xi, China has become more assertive on the world stage. In part, this is guided by Beijing's "holistic national security" vision, security-first policies centred on its rivalry with Washington—including China's decision to bolster Russia's war in Ukraine. But China's foreign policy is also shaped by its approach to economic development. Its "dual circulation strategy" aims to boost Chinese competitiveness through huge investments at home while maintaining selective ties with third countries (especially where China has not yet mastered its competitive advantage and can use its ties as political leverage).

To achieve this, the Chinese Communist Party (CCP) has relied heavily on market intervention (for example: currency undervaluation, subsidies, tax breaks, cheap loans and land leases) to create comparative advantages in the global market. This heavy investment in manufacturing capabilities has encouraged Chinese companies to dominate global markets, including Europe's. Because China can now produce much of what it needs, its economy is becoming self-reliant and insulated from external shocks, aligning with the leadership's security focus. Together, these policies have helped push out European firms from the Chinese market, from third countries, and increasingly from Europe itself.

According to the European Chamber of Commerce in China, economic slowdown, high levels of production, market distortion, regulatory barriers, a highly politicised business environment, and the government's continued focus on national security and self-reliance are all suppressing the business confidence of European firms. As a result, many of those companies have come to the view that the returns on investments in China are no longer commensurate with the risks faced—with European foreign direct investment decreasing by 29.1% year-on-year in the first half of 2024.

While the CCP's efforts to guide the Chinese economy in the most strategic sectors have been at least partially successful, the export-oriented model is reaching its limits. The leadership has not invested in social security, pensions or structural reform that would have allowed most of the population to benefit more equitably from economic growth. This has resulted in low levels of domestic consumption and massive trade surpluses with almost all major economies, particularly in the clean technology industries such as solar panels, lithium-ion batteries, and electric vehicles—the so-called "New Three". Although the Chinese authorities have tried to boost consumer and investor confidence, the economic slowdown—exacerbated by Beijing's unpredictable zero-covid policy during the pandemic—is structural in its nature. Such low domestic spending will only increase the scale of Chinese supply to third counties, especially to the largest single market: the EU.

The impact of China's economic policy on Poland exemplifies these risks. The country's trade deficit with China has continued to grow in recent years, with the value of imports reaching €31.68bn in 2023, while the value of Polish exports to China amounted to just €3.08bn in the same period. According to calculations by the think-tank MERICS, Poland is among the most dependent European countries both as a share of GDP and in terms of overall imports (6.28% and 12.13% respectively).

These imports are often products that could be sourced relatively easily from other countries. In some cases, however, they will be difficult to substitute, especially in key sectors including the battery industry, which depends on Chinese rare earths.

Moreover, Polish industries face significant competition from lower-cost Chinese products. Given Poland's critical role in the central and eastern European value chain, closely interconnected with the German economy, this growing dependency is weakening the competitiveness of German manufacturers and their Polish partners. As Chinese products continue to outcompete local industries, Polish and European companies in general are struggling to maintain their market positions. The challenge facing Poland is a warning to all Europeans: in the long run, Europe faces the dual risks of slow deindustrialisation and increasing dependency on critical Chinese goods.

The European approach to China…

The EU and its member states are trying to navigate the impacts of China's more assertive approach. In the past year, the European Commission has used the term "overcapacity"—that is, China's ability to flood global export markets—to describe the biggest challenge to EU-China relations. The commission is right to make this diagnosis. China is now able to overwhelm export markets with higher-value goods; often ones of strategic importance. Its production capacity in solar cells reached more than double the global demand last year, for example.

Despite the commission getting the words right, member states have a mixed track record on implementing China policy and show varying levels of understanding China's strategic intent. In big-picture terms, the debate on the need for a major strategic rethink of the ways the EU has been thinking about its security has been brewing for years now. Trump's first presidency, the covid-19 pandemic and China's response to it, Russia's full-scale war against Ukraine, and now the economic chaos of Trump's second presidency have raised the sense of urgency for many Europeans. However the discussion on the looming trade war with China—best illustrated by the EU's politically fraught decision to impose tariffs on Chinese electric vehicles—highlighted how the effectiveness of European policies can be limited by member-state division, especially by some states' naive perception of the threat China poses.

Under its president Ursula von der Leyen, the European Commission has tried to establish itself as a "geopolitical" body—one able not only to adapt to the changing environment, but also to shape it. It has created a range of tools—like the Anti-Coercion Instrument, the Foreign Subsidies Regulation, and the European Chips Act—to bolster the single market's competitiveness and security. On top of this, last year von der Leyen appointed the first ever commissioner for economic security, Maros Sefcovic. Implementation of the European Economic Security Strategy, published in June 2023 and updated in January 2024, will be one of his major tasks. It is about promoting and protecting the EU's own competitiveness, resilience, and innovation by identifying chokepoints, creating adequate tools to counter them, and partnering with countries that share Europe's concerns. And while it is supposed to be country-agnostic, much of its focus indicates that it is aimed at countering threats from China.

All these areas require an extensive level of coordination to create sound regulations—and a lot of research. The knowledge gap around the level of Chinese investments, their destinations and the potential risks involved is still very limited, with no systematic monitoring at the EU or member-state level. And while the commission has launched an EU-wide data-gathering exercise, to be concluded in autumn 2025, many member states have not yet realised the full scale and nature of their dependence on China.

Berlin's China policy, for example, has been heavily influenced by the interests of a few major firms (most notably in the automotive industry) worried that assertiveness towards China will harm profits. At the same time, concern with jobs and public opinion at home has long prevented Paris from becoming a clear European leader on China policy. And while there is an overall European trend towards a more hesitant approach to Beijing, the likes of Hungary or more recently Slovakia remain notable outliers.

…and Poland's role in it

Poland, while not opposing the commission's stance, seems to have a non-partisan consensus around avoiding "antagonising" China. Its appetite to be more assertive is generally limited, with few influential actors in the country believing that China policy should be a major priority. Public views on China are quite negative, with surveys in 2024 suggesting that 71% of Poles had an unfavourable attitude towards the country, while only 18% were favourable. Yet only 13% of Poles believe that China wields a great deal of influence on economic conditions in their country. Compare that with 62% of Germans believing so.

Warsaw has become slightly more defensive towards China in light of controversial topics like the alleged espionage scandal by a Huawei employee in 2019, China's poor handling of the covid-19 pandemic and, most notably, the country's continued support for Russia. But Poland's elites still generally treat China more as an economic opportunity than a threat. The positive perception of the Chinese market—especially its sheer size—persists, even though years of engagement have generally not translated into more market opening for Polish products in China, but rather greater risks and fewer opportunities for Polish competitors, and Europe at large.

Similar dynamics are at play in other EU countries, where geographic distance from China, combined with outdated ideas about the opportunities presented by the Chinese market, feed into the broader perception that the challenge posed by Beijing to Europe can be somehow put aside and ignored. But the prevalence of this thinking and the divisions it has caused among member states have restricted the EU's ability to respond effectively.

What overcapacity?

The timidness of some European actors has been encouraged by Beijing repeatedly denying the very existence of its "overcapacity" and the risks it brings to Europe. In a meeting with von der Leyen and French president Emmanuel Macron in May 2024, Xi argued "there is no such thing as 'China's overcapacity problem'". Chinese diplomats have also launched a media offensive in Europe, promoting the view that "some Western politicians" have been "abusing the concept of overcapacity", and going against "both the objective facts and rules of market economy".

Beijing keeps trying to persuade European capitals that they can maintain "business as usual" with China. In the same vein, Xi has tried to convince Europeans that "there is a high degree of complementarity between the Chinese and EU economies" and that the EU is China's "key partner for economic and trade cooperation, a preferred partner for scientific and technological cooperation, and a trustworthy partner for industrial and supply chain cooperation".

China's discourse towards Europe is geared towards damage-control of its own actions. Most recently, since Trump entered the Oval Office for the second time, Beijing has stepped up its charm offensive, trying to convince European leaders it is a reliable partner compared with Washington's unpredictability and transactional style. Just days before Trump's inauguration, Xi reiterated that "there exists no clash of fundamental interests or geopolitical conflicts between China and the EU, making them partners that can contribute to each other's success". Beijing is now a true "staunch force for stability", despite not changing its position towards any of the crucial issues for the EU: the war in Ukraine, the question of overcapacity or the impact of Chinese aggression in the Taiwan Strait and South China Sea.

A bumpy road ahead

Europe is now heading towards the second "China shock". If the first shock, associated with the country joining the World Trade Organisation in 2001, was about the quick growth in imports of low value-added goods to rich economies, leading to the decline in manufacturing sector employment

, the stakes of the second are even higher. China is about to flood the European market with higher-value goods and squeeze out any serious industrial European competition. The Chinese economy's sheer size and Beijing's capacity to steer it for geopolitical reasons, coupled with Europe's reluctance to act decisively, mean that its industrial policy could contribute to Europe's deindustrialisation. In other words, the EU's economic leverage over China is rapidly shrinking, while the risks associated with continued engagement on old terms are multiplying. Engagement with China can no longer assume that a level playing-field is possible, or that significant market access is a realistic goal for Europe.

With many European decision-makers and members of the business community believing that the threats associated with China's behaviour are overblown, the European Commission's room for manoeuvre has been limited. Ultimately, the EU's ability to effectively use the available tools depends on the political will of its members. It is a critical moment. Given the geopolitical context, political decisions aimed at increasing Europe's economic security, like de-risking and tariffs, can incur immediate costs. In the long run, however, they are designed to help the EU maintain its competitiveness, agency and autonomy.

The commission is now facing an especially challenging task: to build enough momentum to effectively use the existing economic security tools and create new, more targeted and offensive ones. With clear divisions on China policy, best exemplified by the Hungarian and German positions, von der Leyen has to navigate this risky environment carefully. Moreover, because of the division of competences with member states, the capacity of Brussels to lead on China policy is limited.

But no single European state is economically strong enough to deal with the challenges posed by China in a bilateral manner. A coordinated approach towards Beijing is needed, and Poland can help lead these efforts. Its growing economic size and political ambitions give it the potential to lead the debate on China based on a firm conviction that while burning bridges is counterproductive, underestimating the China challenge would be a mistake.

Moreover, Poland's economy is among the least dependent in Europe on direct exports to China as a share of GDP and as a share of overall exports (0.57% and 1.03% respectively). Poland is also relatively resilient to Chinese investments, largely because Beijing is focused on acquiring technologies and well-known brands, which Poland lacks. Between 2000 and 2024, Chinese investment in the country totalled just €2.5bn, while Germany's totalled €33.2bn, France's €21.9bn and Italy's €15.7bn. The same applies to Polish investments to China—which are minimal at best. One of the few exceptions is copper, which constituted over 19% of total Polish exports to China in 2023.

This means that Beijing would not have that much direct leverage over Warsaw if it wanted to use economic coercion directly by, for example, threatening Polish investors or exporters to China. As a result, Warsaw enjoys more leeway in coming up with more innovative ways of dealing with China economically—such as by ensuring local context regulations to lock more value-added production in Poland. For Poland and other EU countries not to become mere assembly hubs for China, Warsaw should find its own voice in the European debate on the future of the EU's economic security. This will not only help Poland, but also Europe as a whole to respond to China's industrial policy. First, however, Poland needs to align its own ties to China with the realities on the ground.

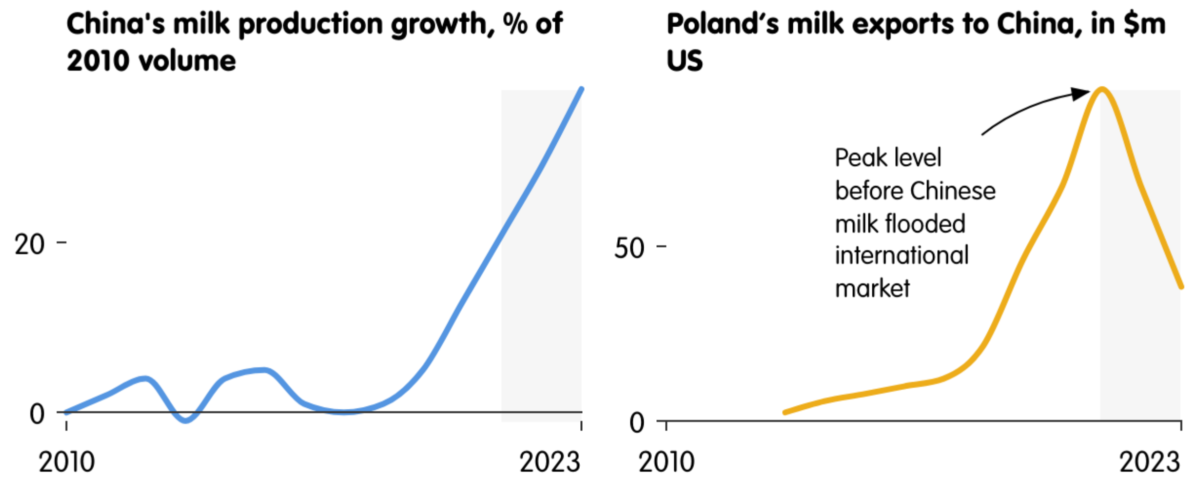
Poland, China and the agricultural industry

Despite Poland's relatively low level of direct exposure to China, a key actor shaping the Polish debate on China has been the agricultural business and its representatives. Many in the industry believe that Chinese engagement will bring in huge benefits for the Polish economy, and have made persistent efforts to expand China's market access. That inhibits the country from becoming a more proactive EU actor. But as with the unfulfilled promise of apple exports, Poland has not been able to reap benefits from its agricultural trade with China. Rather, the industry stands as a key example of why Poland would benefit from reassessing its approach.

China's impact on Poland's agricultural industry has worsened with Beijing's recent implementation of policies aimed at improving food security—one of the key pillars of Xi's "holistic approach to national security". In mid-2024, China's new food security law came into force, with its main objective to achieve "absolute self-sufficiency" in staple grains and raise overall food production for the world's biggest agriculture importer. China—a country with a history of famines and limited arable land and water resources—has long strived to become more self-reliant in this domain. But current geopolitical circumstances have only increased the sense of urgency.

This has translated into a top-down push to develop China's agricultural industry. The story of its milk production is a case in point. Since 2018, dairy supply has been an important item on Beijing's agenda, with an official target to increase its milk production by 10 million metric tonnes by 2025 achieved in 2023. Consequently, milk prices in China have fallen for more than two years, and the industry is experiencing oversupply, with some estimates suggesting that 80% of Chinese farmers are now loss-making, and China's dairy farms are "awash in unwanted milk".

Production of milk in China v Poland's milk exports to China



Growth of milk production in China per year, in % to 2010 level in metric tons v Poland milk exports to China per year, in $m

Source: National Bureau of Statistic of China, OEC
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Foreign milk producers have been among those affected the most by this trend, which also had an impact on Poland as one of the EU's largest milk producers. In 2021, Polish milk products constituted over 62% of the country's agri-food exports to China. Between January and July 2024, however, the value of Polish milk exports to China dropped by 41.6% year-on-year to just $34.4m. This was a significant fall in the already very limited Polish milk exports to China, with this type of export representing only around 2% of the total value of Polish dairy exports in the first half of 2024. Moreover, in September 2024, Beijing initiated an anti-subsidy investigation into imports of certain dairy products from the EU—likely in response to the EU's decision to impose tariffs on Chinese electric vehicles. This was another step in the brewing trade conflict between Brussels and Beijing, which will likely translate into an even more difficult situation on the ground in China for European dairy producers.

Overall, although sales of Polish food to China reached a record of €207m in 2019, this constituted only 0.7% of total Polish agri-food exports. Since then, the situation has only become more difficult for Polish producers. In essence, competition for Chinese consumers is becoming fiercer, and coupled with official efforts to boost domestic production and push out foreign producers from the Chinese market, the prospects for further expansion in the agricultural sector look grim. The structure of Polish food export supply is relatively poorly adapted to the structure of China's import demand, suggesting a lack of complementarity between the two economies in this domain.

Looking back at the image of Xi and Duda eating apples in Warsaw all those years ago, the symbolism should not go unnoticed: it represents a hope that never came true and is unlikely to come true in its original form. Yet the idea dies hard. Although some relevant trends, like the move towards growing self-reliance in the milk production sector, have been widely noticed in Poland, many voices from the Polish agricultural industry still believe in riches to come from exports to China.

Duda's visit to China in June 2024 sent a clear signal that this aspiration is very much alive at the political level. His whole trip was largely framed around the signing of a few agreements, including the one promising to lift the ban on Polish poultry in China, introduced in 2020 due to bird flu outbreaks in Poland. Some media have rushed to praise the agreement's importance, framing it as "the largest in history", despite the fact that it has not yet translated into an actual market opening. In fact, it has opened a lengthy process of re-establishing all formalities necessary for Polish poultry exporters to sell to China, now rumoured to be finalised this year.

The prospect of potential profits from selling to China may seem promising for the Polish agri-food industry (even though its share of the country's exports will likely remain marginal). But the agricultural sector is among those most often targeted by Beijing's economic coercion—as experienced by countries such as Australia or Norway—where tariffs, informal bans on certain products and controls can massively restrict export capacity to China.

The short-term business logic should not overshadow other elements shaping the broader picture of Poland's approach towards China. If the EU's long-term competitiveness is at stake, it would help to shift Warsaw's focus to other areas in which Beijing's policies might play a more important strategic role in the long run. That is why sectors in which China has an established track record of either economic coercion or weaponisation of economic links deserve a closer look. Yet these issues remain at the fringes of Poland's public debate.

Poland's vulnerabilities to the Chinese economy

Poland's economic security toolkit has been gradually expanding, mirroring developments at the EU level. In some cases, like starting the debate on Huawei's 5G, it has even positioned Warsaw ahead of the European curve. While Poland's direct exposure to China remains limited, three areas deserve closer attention when it comes to the potential vulnerabilities of Poland's economy to China's influence: foreign direct investment, critical infrastructure and supply chains.

Foreign direct investment

Compared with the rest of the EU, Poland is relatively well-insulated when it comes to investment. Over the years, Poland has made significant efforts to bolster its foreign-investment screening regime. It is ahead of others in coming up with the relevant regulations, largely predating the EU's 2019 foreign direct investment regulation. But they are still relatively new and have not been effectively implemented, leaving the country open to risks from the Chinese investment that does come into Poland.

Poland's investment screening laws

Year	Legislation or Act	Scope	Fine
2007	Concentration control measures in the Act on Competition and Consumer Protection	▸Applies to business concentration through a merger, acquisition, joint venture, or the acquisition of part of the assets of another undertaking. ▸Applies to undertakings whose total turnover exceeded €1bn worldwide or €50m in Poland.	▸A maximum fine of 10% of the revenue earned in the accounting year preceding the year within which the fine is imposed. ▸Further fines may be imposed on more than a €50m undertaking.
2015	Polish Act on the Control of Certain Investments	▸Aims at protecting firms in strategic sectors, if their annual turnover has twice exceeded €10m. ▸Applies to investors from outside the EU, EEA or the OECD.	▸Sanctions for breaking the regulation include fines up to 50m Polish zloty (around €12m) and imprisonment for up to six years.
2020	A foreign investment screening mechanism enforced by the Polish Competition Authority (additional measures complementing the 2015 Act on the Control of Certain Investments)	▸Targets transactions aimed at acquiring significant participation or dominance in certain sectors. ▸These include software for controlling and managing critical infrastructure (such as power plants, transportation, food supply), providing cloud computing data collection and processing services and conducting any kind of business activity in 21 designated areas. ▸Applies to investors from outside the EU, EEA or OECD.	▸Sanctions for breaking the regulation include fines up to 50m Polish zloty (around €12m) and imprisonment for up to six years.

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One concern is that the criteria in the Act on the Control of Certain Investments, namely threats to public safety, order and health, fall outside the scope of the main competences of the Polish Competition Authority—one of the key institutions now responsible for the FDI screening implementation. Moreover, so far there have been no publicly visible cases in which the Polish Competition Authority has banned an investment, leading to a lack of understanding and clarity when it comes to the decision-making process. For example, under the concentration control measures, an investigation into an investment by Changjiu Logistics—a Germany-based branch of a Chinese company—to purchase a 30% stake in transport company Adampol S.A was undertaken in 2021, but the acquisition was greenlit. Some other China-related projects were also investigated and approved, such as the one by HELLA Holding and Beijing Hainachuan Automotive Parts.

This can incur security and economic risks. In early 2017, a China-related transaction in a sensitive area was greenlit by the Polish Competition Authority: China Security & Fire's acquisition of Konsalnet, Poland's largest security company offering, among others, monitoring services. The planned transaction, worth up to €110m, ultimately fell through not because of its potential security implications for Poland, but because of decisions made in China. In June 2017, China Security & Fire announced that it would scrap the plan, with media suggesting that the acquisition was deemed "irrational" by the headquarters in Beijing due to the Chinese firm's poor financial performance. The lack of a public debate in Poland surrounding the unsuccessful transaction's potential sensitivities, for example in the realm of data access and management, was nevertheless symptomatic of the country's broader lack of interest in the issue.

There are also significant loopholes regarding the scope of investment deemed strategic by the current regulatory regime. For example, media outlets are not officially recognised as strategic assets. The topic has recently made headlines because of controversies surrounding a potential acquisition of one of Poland's key private media outlets, TVN, by a controversial investor from Hungary. In December 2024, Poland's prime minister Donald Tusk announced that both TVN and Polsat, another major private media outlet, would be added to the list of strategic entities protected by the authorities. While China has not yet purchased Polish media outlets, Beijing has actively tried to shape Poland's media landscape, including efforts to promote Beijing-friendly narratives in social media, through cooperation with local Polish outlets and influencers, and by signing agreements on media cooperation. While resilience to Chinese media influence is relatively strong, this is largely because of the unsophisticated nature of China's messaging rather than an astute response from Poland.

Critical infrastructure

The legislation to protect Poland's critical infrastructure—physical and cyber systems essential for a minimal functioning of the economy and the state—is also lacking in some areas. In the National Critical Infrastructure Protection Programme, not all strategic facilities are legally considered critical infrastructure, leaving some open to Chinese imports and ownership, particularly energy, telecommunications, and to some degree, transport.

Like most of Europe, Poland has significant dependencies on China in the energy sector regarding the supply of critical raw materials needed to produce clean technology. Indeed, China is the global leader of the new energy supply chains, making dependency the new normal, especially when it comes to photovoltaic panels and batteries. Poland itself is also a major producer of lithium-ion batteries, accounting for 9% of global production. But while China does not invest a lot in the Polish battery sector, local production is still highly dependent on imports of certain materials (lithium, graphite) from China. Equally worrying: these critical raw materials are also needed for defence technology.

However, when it comes to investment in critical infrastructure in the energy sector, China's footprint in Poland is relatively small. In 2015, China's Three Gorges acquired a €340m stake in Energias de Portugal's (EDP) power portfolio. In turn, Chinese capital has effectively entered Poland via EDP's investment into the Polish renewable energy sector. Other investments have included projects funded by the China-CEE Fund (with capital provided by the Export-Import Bank of China and some CEE financial institutions), such as the Korytnica, Wróblew and Southern wind farms.

While Poles want to avoid foreign control over strategic assets, the debate is largely framed as an issue of availability, affordability and efficiency. As such, investments and imports persist without much public backlash. This echoes the broader perception of China as, above all, a pragmatic and seemingly indispensable partner in most sectors.

However, one area has caused controversy: China's involvement in building Poland's 5G telecommunication networks and related high-tech services. For many years, the presence of Chinese telecommunication firms, most notably Huawei and ZTE, has been a consistent feature of Polish economy. Huawei participated in the construction of Polish 2G and 3G networks, leading to a large-scale reliance on Chinese equipment and solutions. In 2019, a high-level Chinese Huawei employee was arrested in Warsaw on spying allegations, jumpstarting a debate on safety issues stemming from overreliance on Chinese technologies.

Yet although Warsaw has supported US-led initiatives such as the Clean Network Initiative, it has not implemented any legally binding rules limiting the presence of Chinese telecommunication providers. A proposed amendment to Poland's cybersecurity law could include a new definition of a "high-risk provider", meaning one posing "a threat to basic security interests of the state". Yet there is no clear sign of when this will be implemented. And while political signalling surrounding Chinese providers has resulted in a certain level of diversification—in line with the recommendations from the EU's 5G Toolbox—companies such as Huawei have been operating freely in Poland, albeit keeping a lower profile while still engaging in PR activities aimed at softening the firm's image and broadening its outreach. Yet again, Poland's trajectory in this domain has mirrored broader European dynamics, with efforts to diversify without fully excluding Chinese providers.

China's involvement in port infrastructure has also entered the Polish debate, with the media publicising the controversial lease of a terminal in the port of Gdynia by Hutchison Port Holdings, a subsidiary of the Hong Kong-based conglomerate CK Hutchison. Although the deal dates back to 2007, the fact that the terminal is near military facilities, including a Polish special forces base and navy shipyard, has recently raised concerns over how the Chinese-controlled part of the port might be used. The Special Forces Committee at the Polish parliament has stressed the need to expand regulations on critical infrastructure to include maritime infrastructure. In September 2024, Polish media reported that the terminal was unofficially added to the list of critical infrastructure, meaning the owners would have to report to authorities about their security activities, but their peacetime operations would unaffected.

In an unexpected turn of events, in March 2025, American investment fund BlackRock announced that it would buy a majority stake in the Panama Canal ports, currently in Hutchison's hands. The deal also covers stakes in other ports, including Gdynia's container terminal. This way, Trump's pressure on Panama could indirectly solve the Gdynia situation for Poland. At the time of writing, it is not yet clear in whose hands the ports will end up. But it is clear that these events have not deterred Chinese investors interested in Poland's growing such strategic developments. This trend has fed into Europe-wide concerns relating to China's presence in European ports, with growing investment prompting fears of dependence and misuse of critical infrastructure.

Supply chains

With a trade war between the US and most of the world, and now one looming between the EU and China, the topic of restructuring supply chains to Poland's advantage is high on Warsaw's agenda. And although the public discussion does not yet reflect the scale of changes needed, the topic is being debated behind closed doors. Indeed, there have been some internal assessments of Poland's dependence on components and investment originating from China in recent years.

Poland finds itself in a new landscape dominated by competition and, potentially, by Chinese suppliers of electric vehicles (EVs). In recent years, Chinese investments in the EV sector in Poland and other central European countries have risen. China has penetrated regional markets not only by selling its own EV brands but also by cooperating closely with European manufacturers by offering them components, such as batteries. Given its importance in regional supply chains in the automotive industry, Poland has felt these developments first hand. Polish companies have tried to attract investment, but the looming long-term picture shows China moving up the value chain and squeezing out European manufacturers.

So far, China-related investment in the EV sector in Poland, albeit limited, has focused on assembly, which generates little added value for the local economy. The Leapmotor-Stellantis joint venture is a good example of this approach: the Chinese company partnered up with the Franco-German-American one to produce EVs at a plant in Tychy, in Southern Poland. This project has not been about production per se, but rather about assembly, following the formula by which the vehicles are made in China, dismantled, transported to Europe, and then reassembled in Poland. Effectively, this model downgrades Poland's position in the automotive supply chain.

For several years now Europeans have nursed growing fears of Chinese overcapacity flooding the single market with its EVs, unfairly outcompeting local producers. Brussels responded with an anti-subsidy investigation, leading to the decision to impose EU tariffs on Chinese EV manufacturers. Poland supported the tariffs, suggesting that Warsaw understands the gravity of the problem and is willing to respond. The tariffs, however, are only the first step towards building resilience against the side effects of Beijing's industrial policy on the European supply chains.

In Poland, the debate about the way forward seems to be circling around the idea of balancing the opportunities and risks related to China's new position as a global EV leader. The story of Izera—the previous government's pet project to produce Poland's own EV brand—and how it has been developed under the current government is a case in point. The project had over the past few years taken the shape of a planned cooperation with Geely, China's major mobility technology firm. But, under the new government, the project has been reshaped, with the Izera brand being completely scrapped in late 2024. Recent reports suggest that ElectroMobility Poland—the entity responsible for implementing it—is now focusing on developing an electromobility cluster, where international cooperation, potentially with Chinese partners, could bring new jobs, technology transfer, localisation of supply chains and lower investment risk. This way, Poland would go beyond the subcontractor role and climb the value chain.

The way forward

While Poland's debates on China policy and economic security are, to a certain degree, happening in parallel, there is a growing need to unify them to effectively address the risks of China's overcapacity. Poland's bilateral effort to redefine its goals with China cannot be separated from EU-wide efforts but should instead help lead them. Like all other member states, Poland does not have enough leverage to change Beijing's calculus—only a pan-European approach does. But for the country to contribute, and even lead, the future of the bloc's engagement with China, it first needs to clearly define what its interests and vulnerabilities are. By implementing the following recommendations, Poland could strengthen its economic security, reduce its dependency on China, and help lead a more strategic and coordinated European approach to global economic competition.

1. Conduct a comprehensive assessment of Poland's dependence on China

There is a disconnect between Poles' perception of the economic opportunities China brings and the real risks it presents. The absence of any public-facing, thorough assessment of Poland's direct and indirect dependence on China does nothing to correct these views. The first step for the government should therefore be to foster an open debate on the actual scale of Poland's dependencies, considering the gravity of the issue and its implications for economic security. Given scarce public-facing data, Warsaw should conduct more structured analysis to evaluate Poland's reliance on Chinese imports, investments, and technology, as well as vulnerabilities in critical sectors. This way, Poland will increase its capacity to understand China's leverage, while the public will understand its implications. This should lay the foundation Warsaw needs to clearly define its strategic interests and develop a more assertive approach.

2. Establish a strategic and European approach to cooperation with China

Given its growing role in the EU, Poland would then be well-placed to become a leading voice in reframing European engagement with China from a position of power rather than dependency. It should develop a new language to describe cooperation, striking a balance between necessary protectionism—a rational response to Beijing's own policies—and economic engagement. This should use up-to-date categories to describe China's behaviour, instead of Beijing's preferred language. In turn, these sensitivities could be taken up at the EU level when updating documents guiding the bloc's approach to China. As such, EU policymakers will have more tools to update their perceptions of the threat China poses, ideally shifting the focus towards enhancing capabilities rather than merely relying on existing tools.

3. Prioritise de-risking while avoiding burning bridges

Part of this rebalancing in Europe's approach should be to de-risk from China, and potentially from other major players too. China's policies affect all European countries—including Poland. Considering the shocks to transatlantic relations and Beijing's long-term industrial goals, the potential harm to Europe's competitiveness will only grow. The approach that Poland and, subsequently, the EU should take towards de-risking should therefore include, among other things, diversifying of raw-material supply chains in line with the Critical Raw Materials Act, promoting nearshoring and friendshoring, strengthening inbound investment screening mechanisms, and working on an outbound-investment screening regime.

Political commitment is essential to effectively implement these tools and address potential security threats. The danger lies not in the lack of tools at hand for Poland and other European states, but in the lack of political will to use them as the scale of challenges relating to China's economic power surpasses the capacity of any single EU state to address alone. Cooperation with partners from outside of the EU will help add leverage in this dimension.

Simultaneously, Poland should maintain its dialogue with China, clearly articulating its interests and perspectives vis-à-vis Beijing's actions. It is both politically and economically unrealistic for Europe to decouple from China entirely, while stopping communication with Beijing could antagonise it further. Rather, continued communication, in Europe's own, up-to-date language should offer a realistic assessment of the risks to European industry and how to mitigate them.

4. Redefine the playing field for technology and know-how transfer in cooperation with European partners

A radical redefinition of the playing field is necessary to avoid Poland and Europe becoming both politically and economically irrelevant. Poland, like other European countries, needs to ensure that cooperation with Chinese entities adds value and does not downgrade its position in regional supply chains. Given the EU's weaker bargaining position, it should impose requirements on local content and technology transfer to ensure that cooperation with China benefits European industry in the long run. Central and eastern European states such as Poland have significant stakes in preventing Europe's deindustrialisation and should be actively involved in mitigating related risks. These efforts should also include distinguishing between different types of Chinese technology dependence. In other words, European states must differentiate between technologies in which China has a competitive advantage but that do not confer internet or other network access (like batteries and other hardware) and technologies where software control could pose security risks (like connected vehicles). In turn, Poland should draw clear red lines to prevent dependency on Chinese-controlled software in critical infrastructure, as this will be the new frontier of the debate on economic security. Above all, these efforts should also be carried out at the EU level, as no single European country has the bargaining power to change Beijing's calculus.

A new era for EU-China relations

On April 8th this year, von der Leyen held a phone call with Li Qiang, China's premier. She called for a "negotiated resolution to the current situation" and emphasised China's "critical role in addressing possible trade diversion caused by tariffs, especially in sectors already affected by global overcapacity" (coded language for China's overcapacity). The conversation marked a more assertive era for the EU, now wanting to renegotiate the rules of engagement with Beijing on its own terms. But whether Beijing will make concessions remains to be seen. This is just one step in a much steeper climb to redefine EU-China relations, potentially on a dual de-risking path from both China and the US. Its success will largely rest on the ability of member states, Poland included, to commit to the serious policy shifts the global economy now requires.

About the author

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Acknowledgements

The author wishes to thank ECFR's editorial team, especially Portia Kentish, for making this publication smooth and reader-friendly. Nastassia Zenovich also deserves a big thank you for her contribution to this work through the creation of insightful and compelling data visualisations.

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ISBN: 978-1-916682-80-1. Published by the European Council on Foreign Relations (ECFR), 4th Floor, Tennyson House, 159-165 Great Portland Street, London W1W 5PA, United Kingdom.