International Relations · GS - II

“Rising trade tensions between the European Union and China reflect the challenge of balancing domestic industrial protection with the benefits of globalisation.” Discuss.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 17/10/2026	GS - II	International Relations

MARKS	WORD LIMIT
10	~150 words

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Answer Hint

EU-China trade relations, Chinese exports, electric vehicles, steel industry, green technology, anti-dumping duties, tariffs, protectionism, WTO rules, global supply chains, consumer prices, strategic autonomy, fair competition, India’s trade opportunities.

Model Answer

Introduction

The European Union and China are major participants in global trade. However, growing Chinese exports of electric vehicles, steel and green technologies have intensified concerns in Europe about industrial competitiveness, market access and fair competition.

Main Body

Reasons for rising trade tensions

1. Domestic industry: European producers face competitive pressure from lower-priced imports.
2. Subsidies and market access: Concerns over state support and unequal access to markets have increased demands for trade-defence measures.

3. Strategic autonomy: The EU seeks to reduce excessive dependence on external suppliers in critical industries.
4.

Implications

1. Protection of industries: Tariffs may provide temporary relief to domestic manufacturers.
2. Higher costs: Import duties can raise prices for consumers and businesses dependent on imported components.
3. Global repercussions: Trade restrictions may disrupt supply chains and trigger retaliatory measures.

Way forward

The EU and China should pursue dialogue, transparent subsidy rules and WTO-consistent dispute resolution. Europe should also improve innovation, productivity and industrial competitiveness.

Conclusion

The challenge is to ensure fair competition without encouraging excessive protectionism. A rules-based trading system, supported by negotiations and domestic industrial reforms, can help balance economic security with the benefits of global trade.

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