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# Geoeconomic Exposure and EU Industrial Policy: Export Dependence Amid US–China Techno-Nationalist Rivalry

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## Abstract

This article examines how export dependencies shape the EU's industrial policy dynamics amid intensifying techno-nationalist rivalry between the US and China. While existing scholarship on how the intensifying geopolitical competition drives the EU's "new industrial policy" has focused primarily on import dependencies, foreign direct investment, and political/security alliances, we argue that export dependence constitutes an equally consequential yet underexplored dimension of what we conceptualize as *geoeconomic exposure*. Advancing a critical political economy framework and incorporating insights from the growth model literature, we develop a framework for analyzing the export dependence element of geoeconomic exposure across two key dimensions of export dependence: first, the national economy and its growth model as a whole; and second, particular (export) sectors and their lead firms. Using descriptive statistical indicators, we map export dependence across five EU member states (Germany, France, Spain, the Netherlands, and Slovenia) and show that, despite notable constituencies tied to Chinese demand, EU economies are structurally far more exposed to US markets. To illustrate how export dependencies shaped geoeconomic exposure and drove industrial policy dynamics, we then present three short case studies on the positioning of (a) Germany, Spain, and Slovenia in the process of the EU's imposition of tariffs on Chinese-made EVs, (b) LVMH's efforts at pacifying the EU's relations with both the US and China, and (c) Dutch export controls of semiconductor manufacturing equipment. By foregrounding export dependencies as an element of geoeconomic exposure, this article advances a non-deterministic framework for understanding the structural conditions shaping actors' strategizing in EU industrial policy amidst the emerging "geotech" world.

## Keywords

European Union; export dependence; growth models; industrial policy; semiconductors; techno-nationalism; US–China rivalry

## 1. Introduction

Industrial policy is the fulcrum of the clash of techno-nationalisms driven by the broader US–China geostrategic competition in the "geotech world" (Aggarwal & Reddie, 2020; Aiginger & Rodrik, 2020; Bora et al., in press; Malkin & He, 2024; van Apeldoorn et al., 2023). The EU too has gradually developed new industrial policy tools and financing programs, engaging in a previously difficult to imagine extent of vertical industrial policy, ostensibly in the service of green and digital transitions as well as the promotion and protection of its global competitiveness (Bulfone, 2023; Bulfone, Di Carlo, et al., 2026; McNamara, 2024; Seidl & Schmitz, 2024). This "new industrial policy" of the EU has been at the center of research on the EU's "geoeconomic turn" (Babić et al., 2024; Ruck, 2026; Schmitz et al., 2025), with the literature mapping EU's industrial policies (Biba, 2025; Calcara & Zaccagnini, 2024; Lavery & Lopes-Valença, 2026), studying state–business relations (Broeders et al., 2025; Bulfone, Miró, et al., 2026; Dür et al., 2025; Eckert, 2024; Ferguson et al., 2025; Köncke & de Graaff, 2024; Schindler & Rolf, 2025; Wigger, 2024), and contextualizing these efforts within the broader dynamics of US–China great power competition (Calcara et al., 2025; Germann et al., 2024; Lavery, 2024; Malkin & He, 2024; Rolf & Schindler, 2023; Starrs & Germann, 2021). The existing literature also offers rich evidence of different coalitions shaping—in diverse ways—the EU's industrial policy (Bellanova et al., 2022; Lambach & Monsees, 2025; Monsees, 2025; Schneider, 2023; Seidl & Schmitz, 2024; Wigger & Lavery, 2026). These coalitions have been made sense of in terms of competing visions: either liberal, Waltzian, or Waltian (Donnelly, 2023); neoliberal, neo-mercantilist, or socially-oriented (Schmitz & Seidl, 2023; Warlouzet, 2022); or "Fortress" versus "Atlantic" Europe (Lavery, 2024).

The tendency in most of this literature so far, however, has been to externalize the driver of industrial policy-making to an abstract and undifferentiated notion of geopolitics "exerting pressure" from "out there." While we do not dispute the reality of such structural constraints, we argue that structural pressures—in this case, emanating from the geopolitical rivalry between the US and China—are conditioned and shaped by the specific structure of the domestic political economy and its vulnerability to the techno-nationalist rivalries at the heart of the geotech world. More specifically, we argue that a crucial starting point for explaining the geopolitical drivers of industrial policy within the EU is the differentiated geoeconomic exposure of national economies, industries, firms (including the transnational global value chains [GVCs] and global production networks in which they are embedded), as well as state actors, to both China and the US as the two main techno-nationalist powers. Geoeconomic exposure envelops elements of dependence that have been extensively covered in the existing literature on the EU's new industrial policy, such as import dependencies, foreign direct investment (FDI) flows, and membership in political alliances or multilateral economic partnerships, for example NATO or the Belt and Road Initiative (see below). Yet, what has been surprisingly overlooked in the literature on the EU's new industrial policy so far is export dependence. In this article, we argue export dependence to be a crucial element of geoeconomic exposure because continued access to—in particular—Chinese and US sources of demand and the associated leverage that the two leading techno-nationalist powers (are assumed to be able to) exercise is a powerful shaper of actors' preferences regarding the EU's industrial policies (see Pisani-Ferry et al., 2024; Schneider, 2023). Our article aims to address this gap by conceptualizing and empirically mapping export dependence as an element of geoeconomic exposure. To do so, we aim to answer the following two-legged research question: How do export dependencies vary across EU member states, and how does this export dependence—as part of geoeconomic exposure—in turn shape industrial policy dynamics in the context of techno-nationalist rivalry between China and the US?

Advancing a critical political economy framework and incorporating insights from the growth model (GM) literature, we conceptualize and distinguish two key dimensions of export dependence: first, the national economy and its GM as a whole; and second, particular (export) sectors and their lead firms. To empirically assess export dependence and how it varies across EU countries, we develop a set of descriptive statistical indicators across the dimensions of geoeconomic (export) exposure and analyze these for a selection of five member states: Germany, France, Spain, the Netherlands, and Slovenia (see more on case selection below). We find that although China as a demand market has strong constituencies in several EU states and across several industries, the exports of our selected EU economies are significantly more exposed to the US, both at the national level and sectorally. This arguably creates powerful constituencies skeptical of industrial policies that can be seen as antagonizing the US and may impede attempts at pursuing technological sovereignty, or at least not aligning fully with the US in its techno-nationalist rivalry with China. To illustrate the analytical importance of accounting for export dependencies, we then draw on this analysis, complemented with secondary sources, to present three vignette studies of different ways in which export dependencies have shaped recent industrial policy dynamics in the EU.

Without disregarding other elements of geoeconomic exposure (e.g., import dependencies, FDI, security, and political alliances), our broader proposition is that the overlapping dimensions of export dependence at the national level and the sectoral level (sometimes reinforcing, sometimes at odds) present a foundation for non-reductionist and non-determinist agency-centered explanations of coalition-formation and (industrial) policy dynamics among public and private actors in the context of techno-nationalist rivalry between the US and China. What this dependence means substantively, whose agency it conditions, and how, differs across the two dimensions and will be further elaborated below. It is important to note, however, that in both dimensions, the export dependence can be latent, that is, not (yet) politicized or weaponized. Furthermore, this exposure is not static, but is itself subject to (policy) change, which might guard against or lean into it.

By conceptualizing and analyzing geoeconomic exposure as (also) a matter of export dependencies, this article contributes to the aims of this thematic issue to identify and investigate the conditions for effective and legitimate industrial policy. Our study, in this regard, aims to highlight the structural (international) political-economic conditions behind what the thematic issue identifies as crucial for how industrial policy is done (i.e., state and bureaucratic capacity, instrument design, planning ability, institutional coordination, and political backing, see Bora et al., in press). While the latter are all indeed important conditions, we argue that these conditions take place within—and interact with—the context of national economies and how these are exposed transnationally and globally through their industries, sectors, and (lead) firms (see also de Gaspi & Perfeito da Silva, 2026). The varied geoeconomic exposure across member states and sectors that this generates, we argue, forms a crucial starting point in the shaping of political conflicts and coalition-building dynamics across industrial policies, and with it the *how* of industrial policy's practical implementation in the geotech world, the question at the center of this thematic issue (Bora et al., in press). The rest of the article is structured as follows. In the first section, we theorize the export element of geoeconomic exposure by building on the GM literature. In the next section, we further operationalize and analyze the three dimensions of export-focused geoeconomic exposure across five selected member states. In the last section, we provide three empirical illustrations of how export dependence has shaped geoeconomic exposure and, through it, the industrial policy dynamics across the EU. Finally, we conclude with reflections on further research.

## 2. Theorizing Geoeconomic Exposure Amidst Clashing Techno-Nationalisms

The global economy and politics are undergoing a geoeconomic turn (Babić et al., 2024). A large part of this shift has taken the shape of and has been driven by a clash of techno-nationalisms within the broader development of increasing US–China rivalry (Starrs & Germann, 2021). In our definition, techno-nationalisms in all their varieties explicitly link technological capacities and cross-border exchanges to national economic competitiveness and national security, but are not necessarily aimed at isolationism or autarky; in fact, they often have transnational aims and reach and operate through extraterritorial legal claims. In this context, governments and corporate actors are facing new challenges, where the interactions, networks, and infrastructures that were powered by neoliberal globalization are increasingly a conduit for exercising (public and private) power and thereby a source of potentially weaponizable (inter)dependencies (Drezner et al., 2021). In this article, we draw attention to what we call *geoeconomic exposure*. There are several elements to geoeconomic exposure (see Figure 1). Import dependencies, for instance, have been extensively analyzed, especially as the Covid-19-related global supply chain disruptions showcased the fragility of global integrated economies and as the US and other powers have used their position in regulatory and monetary networks—or the monopolistic positions of firms under their jurisdiction (including extraterritorial)—as tools of economic statecraft (Beaumier & Cartwright, 2024; Malkin & He, 2024; Newman & Farrell, 2023; Vicard & Wibaux, 2023). Another aspect of geoeconomic exposure that has been studied widely is FDI as an instrument of economic power politics, with many countries implementing strict inbound and sometimes outbound investment screening mechanisms (Babić & Linsi, 2025; Bauerle Danzman & Meunier, 2023; Doppen et al., 2024; Nibe, 2023). Finally, alliance-building around competing blocs brought to the fore the issue of political and security dependencies, as is most obviously the case in Trump's cross-leveraging of NATO membership in negotiations with the EU and its members (Desmaele, 2023; Foy, 2025; Schindler et al., 2023).

In this article, we focus on a hitherto often overlooked element of geoeconomic exposure when it comes to the EU's new industrial policy, namely export dependencies. We here adopt a broad definition of industrial policy as "government policies that explicitly target the transformation of the structure of economic activity in pursuit of some public goal" (Juhász et al., 2024, p. 216). In trade scholarship, demand shocks via exports, especially if narrowly specialized, are considered a standard risk of trade integration and openness (see, among others, Freund, 2009; Goldberg & Reed, 2023; Hausmann et al., 2007; Helpman & Krugman, 1987).

However, beyond questions of national (under)development and effects of exogenous shocks that have been at the center of this trade-focused literature, the (threat of) economic statecraft leveraging export dependencies for more immediate political goals gives these risks a new and more immediate dimension (see also Pisani-Ferry et al., 2024). We thus argue that beyond import dependencies, FDI imbalances, or security reliance, export dependence is another key element of geoeconomic exposure. In particular, in the case of the EU, where the growth of national economies is mostly export-driven (Baccaro et al., 2022), this underscores the importance of securing or expanding existing access to export markets. While not as politically visible and explosive as weaponizations of import dependencies (think of China and restrictions on rare earth elements and magnets), export dependencies on Chinese and US markets are a structural and long-term conditions that shape geoeconomic exposure and thereby the strategies of state and corporate actors in Europe and the dynamics surrounding, e.g., industrial policy making.

Studies have shown that the reluctance of German semiconductor firms to go along with US pressures to weaponize the chokepoints against China is linked to the overall structure of the domestic production regime and their embeddedness in the Chinese market-dependent German auto industry (Germann et al., 2024; Koddenbrock & Mertens, 2022). Similarly, Schneider (2023) has shown that conflicts around Germany's contested embrace of new industrial policy reflect divergent patterns of internationalization across capital fractions in the context of export reorientation towards China and, we might add, thereby different profiles of geoeconomic exposure across industries. More generally, German commitment to "exportism" and therefore continued efforts to access foreign markets has been linked to efforts to suppress wages domestically and keep inflation low, supported by a diverse social bloc (Nölke, 2020). Other scholars have shown how—with respect to going along with US semiconductor export controls—EU member states with "large exports to and substantial investments in China were particularly concerned about [Chinese] retaliation" and that the US pressure thus amounted to "unintentional wedging" with respect to EU unity (Anderson & Steinberg, 2025, pp. 895–896). This article builds upon these excellent insights by developing a multi-dimensional conceptualization of the export element of the geoeconomic exposure.

Figure 1 summarizes our analytical framework, with the yellow part being the focus of this article. Export and import dependencies, FDI, and security and political alliances codetermine the national economy's geoeconomic exposure and thereby shape the industrial policy dynamics emerging from the (clash of) different actors' strategies pursued with regard to this exposure. With the exception of security and political alliances, the three other elements operate both at the level of the national economy and at the level of sectors and their leading firms. Focusing on export dependence, we argue that at the national economy level it is in part a matter of factors such as the export contribution to growth or the share of exports in GDP, but it is also subject to the perceived unviability of redirecting exports elsewhere, let alone restructuring the economy in a way that would deprioritize export-orientation. Political effects of export dependence are therefore a function not (only) of exports themselves, but of political struggles codetermined by other elements of geoeconomic exposure such as import, FDI, and political and security dependencies. Similarly, on the level of industries and individual firms, export dependence is not just about the concentration of

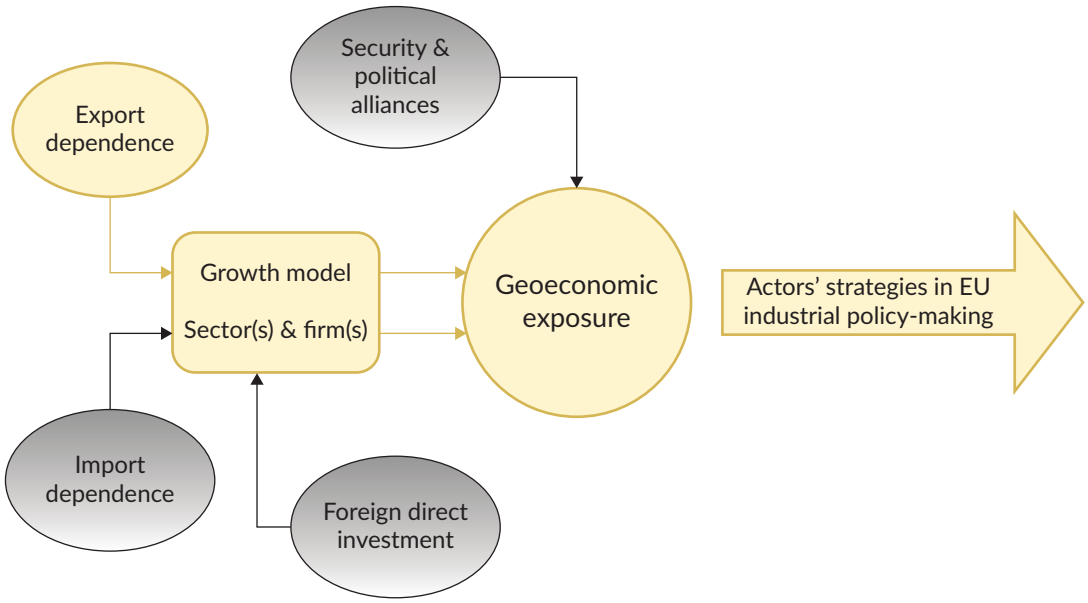


**Figure 1.** Elements of geoeconomic exposure.

demand, but also its potential for diversification in the case that an export market access is impeded (for example through bans, high tariffs, boycott campaigns, etc.) or is cut off—which again is (politically) determined in interaction with the other elements of exposure.

Our framework starts with an observation undergirding the long-standing research in comparative capitalisms and comparative political economy more broadly, namely that different European political economies rely on distinct institutional setups and economic sectors to organize and drive economic growth (Baccaro et al., 2022; Hall & Soskice, 2001; Hassel & Palier, 2020). We here adopt the general premise of the GM perspective, which starts from the premise that, in contrast to the post-WW2 decades, in contemporary economies of industrialized countries domestic demand derived from investment and wages no longer provides sufficient growth, resulting in a "broad stagnationist tendency in advanced capitalism" (Baccaro et al., 2022, p. 2). To stimulate aggregate demand and thereby boost growth in this post-Fordist era, economies have developed different strategies of stimulating aggregate demand, i.e., GMs. The central question of the GM perspective therefore becomes the growth contribution of four demand components—consumption, investment, government expenditures, and exports. Depending on which component accounts for the largest growth contribution in a given period, Baccaro and Hadziabdic (2024) then talk about (strongly) export-led, balanced, or (domestic) consumption-led GMs.

Compared to the varieties of capitalism (VoC) school, where the emergence and glacial changes of firm-based institutions can take decades, for example through slow changes to collective bargaining mechanisms or vocational training strategies (see Hall & Soskice, 2001), the GM perspective allows for a more dynamic temporality, since economies can potentially shift their motor of growth (but not the overall economic or industrial structure) through economic policy measures even within a couple of years (Nölke, 2023, p. 25). There is intense scholarly debate about how best to operationalize GMs and combine the supply and demand dimensions (Hadziabdic et al., 2025; Hassel & Palier, 2020; Hein, 2019; Mertens et al., 2022). However, the rather parsimonious version by Baccaro and Hadziabdic (2024) that we adopt here makes for a useful starting point for our conceptualization of geoeconomic exposure by moving center stage issues of demand generation, instability, economic policies (as well as socio-political conflicts behind them), and international interdependencies (Akcay & Jungmann, 2023, p. 542). In particular, we argue that the structure of national economies as GMs provides a first cut at understanding the mediating effect of how geopolitics shapes the EU's industrial policies. For policymakers focused on maintaining or boosting a growing economy, the evaluation of the benefits (or dangers) of any worsening of relations with the US and China, the two main techno-nationalist superpowers, is central. This evaluation hinges on the overall importance (or insignificance) of exports as a motor of growth, highlighted by the GM perspective, but also on the economic significance of the central exporting sectors, and the main markets on the receiving end of these exports.

From the perspective of the comparative political economy literature, the GM approach has gone the furthest in overcoming methodological nationalism by placing individual national economies within a dynamic of core–periphery relations, but conceptualized power asymmetries mainly as an issue of currency hierarchy and price of debt financing (Nölke, 2023, p. 14; Schwartz & Blyth, 2022, p. 112). Further expanding on the original GM contributions, we argue that the state-level as a unit of analysis is useful for tracking general trends but only imperfectly captures the trade and investment relations and preferences driven by private (corporate) actors (Köncke & de Graaff, 2024; Linsi & Mügge, 2019; Polyak, 2023). It is thus not only the institutional diversity and differing embeddedness in the global macroeconomic hierarchy

that constrain and enable GMs and shape actors' preference formations. Different *sectoral* compositions of GMs and their incorporation in world markets and GVCs also "correlate with member state preferences on the EU's geoeconomic and geopolitical stance" (Mertens & Reisenbichler, 2025, p. 9; see also Abels & Bieling, 2023). In other words, variation in geoeconomic exposure constrains or enables the types of policy positions—and (trans)national conflicts about them—that European government and corporate actors can adopt, both at the domestic and the EU level. Focusing here on the exports element of this exposure, we propose to think about it along two interrelated and interacting dimensions: (a) the structure of the national economy and its place in the global economy, and (b) the importance and place of specific exports-reliant sectors and their lead firms in the economy.

The interaction between the two dimensions and how they shape overall geoeconomic exposure is complex. Sectoral export dependence in part drives corporate strategizing on purely "economic" demand-seeking grounds. Additionally, the rivalry between the US and China has sensitized corporate actors and governments also to the fact that some geographical configurations of export profiles imply a risk of politicization and weaponization, and it therefore matters *where* they export (see Ferguson et al., 2025). Especially when the national GM is reliant on exports, the extent, geographies, and future viability of sectoral export dependence of central industries also inform the government's positioning, often abetted with intense lobbying of the industries in question (see Germann, 2023; Schneider, 2023). For instance, as we show in the case of French luxury brand LVMH, the industrial policy dynamics and government's positioning can at times also be shaped by the export dependence of sectors not directly related to the policies in question (such as the export dependence of the German car industry on China restraining Germany in the US–China chip war, Germann et al., 2024). The latter is arguably even more acute if the potential leveraging of sectors' strong export dependence threatens significant and geographically concentrated job losses (Dür et al., 2025; see vignette on the Spanish pork sector below).

In other words, we are not making an a priori general argument about sectoral dependence being more important than the aggregate dependence at the level of the national economy. Rather, we assume that these are weighed differently by different actors: corporate actors prioritize a narrower sectoral view, while policymakers are more concerned with the national economy as a whole, whereby sectoral export dependence tends to be more important if exports drive economic growth. It should be noted that although we argue that export dependence and geoeconomic exposure as a whole are important determinants, in our view, these do not directly dictate policies, but instead provide conditions for actors' industrial policy (trans)national strategies.

In further defining what we mean by "geoeconomic exposure," we locate this notion within ongoing IPE (international political economy) debates on interdependence. In their pioneering work, Keohane and Nye (1977) introduced the notion of "complex interdependence" among states, whose economic dimension was understood as a potentially leverageable dyadic trade imbalance. Recently, this neoliberal (in the international relations theory sense) understanding was built upon by critical liberal scholars proposing the idea of "weaponised interdependence" as better capturing the power dynamics in a global economy after decades of globalization (Farrell & Newman, 2019). These scholars go beyond the dyadic relationships by conceiving of the infrastructures and flows of the global economy as a set of overlapping networks with an asymmetric distribution of power, which leads to network effects, such as "chokepoints," that can be weaponized by the more powerful (state) actors under certain conditions (see also Beaumier & Cartwright,

2024). Finally, scholarship on GVCs reverses the perspective from state-centric assumptions of the state being able to enlist "its" capital in geopolitical projects (Pavlínek, 2024; Rolf & Schindler, 2023); it instead analyses (inter)dependence from the perspective of firms (which compound into sectors, industries, and "stacks") with different profiles of export and import dependencies on the level of individual products (inputs) sourced from the world market, thereby also taking into account secondary exposure.

Our notion of geoeconomic exposure integrates all three forms of dependence—dyadic trade imbalances, network effects, and GVC-related dependencies. Such exposure can be more or less latent, that is, it is not necessarily always already politicized domestically (as, for example, German car exports to China have been) or weaponized by the receiving country (as, for example, happened with US exports of soybeans to China). In both cases, however, the geo-economic aspect of the exposure and dependence implies that it is not only the extent of export dependence that matters, but also the particular geography of those export markets.

## 3. Analyzing the EU's Export Dependence: GMs and Sectors Between US and Chinese Demand

Using publicly accessible databases (Eurostat, COMTRADE, and CEPII), we develop a set of descriptive statistical indicators to analyze the importance of exports in individual countries' GMs and identify the main exporting industries and their most important markets, as well as the industries for which the US and China represent the highest export market share. Going beyond the existing, mostly Germany-focused single-case studies that incorporate export dependence, we analyze these indicators with respect to five member states, selected to capture both geographical and core–periphery variation across the EU: Germany, France, Spain, the Netherlands, and Slovenia. This selection ensures that we have member states from the West (DE, FR, NL), South (ES), and East (SI), with the latter two groups constituting peripheries and the former three member states being part of the EU's core (see Weissenbacher, 2019).

In Section 3, we provide a systematic comparative mapping of export dependence across the five EU member states and (two) dimensions of export dependence, employing descriptive statistics. In Section 4, we present three short case studies ("vignettes") to illustrate how export dependencies shaped geoeconomic exposure and drove industrial policy dynamics. Drawing on our mapping of export dependencies, secondary literature, and media reporting, we use these descriptive vignettes to show the analytical utility of focusing on export dependence, as well as some of its limitations. Our chosen vignettes on (a) the positioning of Germany, Spain, and Slovenia in the process of the EU's imposition of tariffs on Chinese-made EVs, (b) LVMH's efforts at pacifying the EU's relations with both the US and China, and (c) Dutch export controls of semiconductor manufacturing equipment, provide a wide range of examples in terms of export dependence on the US and/or China; variation in terms of the sectoral and/or national dependence; as well as the involvement of sectors that are themselves the subject of industrial policies, and those that are far removed from them.

### *3.1. Export Dependence of GMs*

Starting with the first dimension of geoeconomic exposure through exports, we can see from Table 1 that in the post-crisis decade, the (relatively modest) growth in all five economies in our sample has been driven by exports. In some cases, exports grew one and a half times faster than the (stagnating) economy as a whole (Spain), while also representing 59% of all growth in Germany, the country with the highest overall growth.

In absolute terms, Germany and the Netherlands have the highest export volumes (in the case of the Netherlands, this includes the "Rotterdam effect," see Eurostat, n.d.). Yet, in terms of goods exports as a percentage of GDP, Slovenia and the Netherlands are frontrunners. Finally, this overview reveals that for all five economies, the destination for (often significantly) more than half of their goods exports is within the EU. Since this article focuses on geoeconomic exposure in the context of the techno-nationalist rivalry between the US and China, we do not analyze the dynamics of intra-European export dependence and GVC integration systematically (see, for example, Pavlínek, 2025). But we do highlight in some of our vignette studies how this can impact industrial policy dynamics through secondary exposure.

**Table 1.** National GMs and exports.

| | National GM (avg. annual growth and export contribution to growth 2008–2019; Baccaro & Hadziabdic, 2024) | Value of all goods exports in 2024 in € million (Eurostat, 2025b) | Exports of goods as share of GDP in 2024 (Eurostat, 2025a) | Export of goods into EU as share of total export of goods in 2024 (Eurostat, 2025d) |
|---|---|---|---|---|
| Germany | Strongly export-led (2.1%, 59%) | 1,556 | 32% | 54% |
| France | Strongly export-led (1.3%, 56%) | 592 | 22% | 54% |
| Spain | Strongly export-led (0.8%, 148%) | 392 | 25% | 62% |
| Netherlands | Strongly export-led (1.4%, 100%) | 853 | 59% | 69% |
| Slovenia | Strongly export-led (1.8%, 98.1%) | 73 | 63% | 56% |

Going into a bit more detail, Figure 2 breaks down the sectoral structure of goods exports for each selected economy, focusing on the top three exports only.

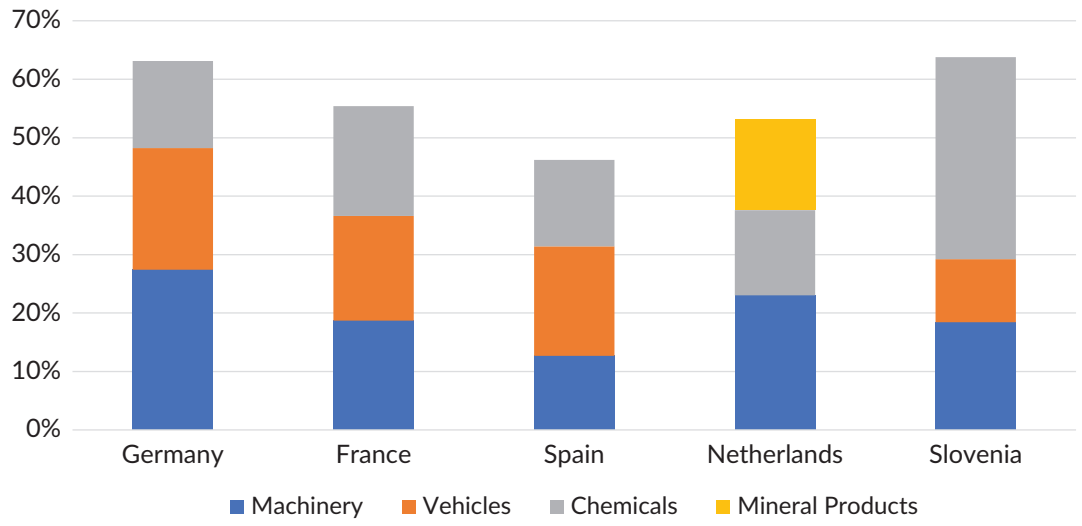


**Figure 2.** Top 3 export sectors (2023). Source: own data collection compiled from BACI/CEPII based on COMTRADE data, classification based on 2017 Harmonized System, accessed via the Observatory of Economic Complexity (2025).

From this figure, it appears that for all our selected countries, the three largest export categories are chemicals, vehicles, and machinery, the exception being the Netherlands, whose third largest export sector is mineral products, with Belgium and Germany together receiving more than half of the exports in 2023. Moreover, these three top export categories account for more than 45% of all exports in all selected countries, and more than 60% in Germany and Slovenia. While this figure indicates the make-up of exports overall, we have argued that for heavily export-dependent economies, continued access to and strong demand from export markets is key. It therefore matters where these products are exported to.

Breaking down the export markets for the three main export sectors of each country, we show in Figure 3 the three top demand markets (and include the US and China in those cases where they were not among the top three). Notably, for all economies, Germany is consistently among the top three export markets for all three export sectors. At the same time, the largest export market for Germany's three biggest export sectors is the US, with China coming second in machinery and vehicles, but lagging behind in chemicals. More generally, this analysis shows that the US is consistently the more important export market for the largest exporting industries compared to China (often by several orders of magnitude) across these five EU countries. An exception is the Dutch export of machinery, where exports to China (including Taiwan) were worth about twice as much as to the US. The largest single category of Dutch machinery exports to China is "other specialised machinery," representing 39.8% of all Dutch exports to China and corresponding to the revenue realised in China reported by ASML ("Despite U.S. semiconductor export restrictions," 2024).

Our mapping further corroborates the existing scholarship on the significance of exports for national economies across the EU and hints at why EU policymakers, faced with a global economy closing up in uneven and uncertain ways—for example, through Trump's tariffs, or signs of bloc-based reglobalization—are gripped with anxiety (see Baracuhy, 2024; Posen, 2022). A novel finding of our analysis that contributes to the existing literature on this matter is that our breakdown of the main export sectors' markets (Figure 3) reveals both the extent of inter-European integration and trade, but in particular, at this still rather aggregate level, the much higher importance of the US as an export market compared to China. This remarkable finding of the continued economic centrality of (and the sheer volume of trade with) the US makes the European countries much more geoeconomically exposed to the US rather than China.

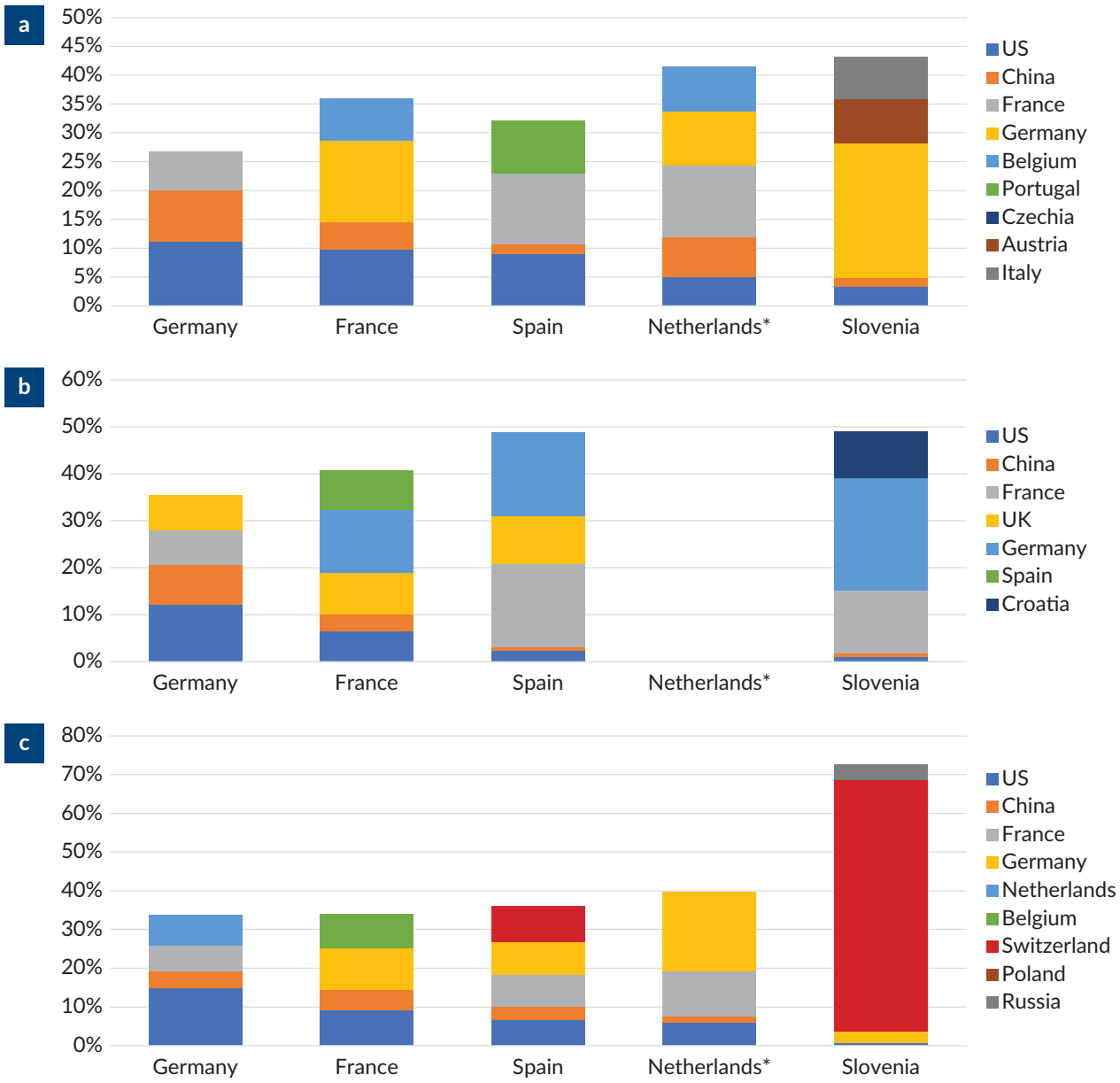


**Figure 3.** Top export markets for the largest exporting sectors (2023): (a) machinery; (b) vehicles; (c) chemicals. Note: * The Netherlands' third-largest export sector is mineral products, with the main destinations being Belgium (35%), Germany (21%), and France (6%), while the US accounts for 4% and China for only 0.1%. Source: own data collection compiled from BACI/CEPII based on COMTRADE data, classification based on 2017 Harmonized System, accessed via the Observatory of Economic Complexity (2025).

### *3.2. Sectoral Export Dependence on Chinese and US Demand*

Above, we have analyzed the first dimension of export dependence: the structures of national economies in general. Yet, as we have argued, the sector-level structure of dependence is also an important dimension of how geoeconomic exposure shapes industrial policy dynamics, with China and the US as the main techno-nationalist powers representing politically particularly important export markets.

When only looking at the sectors and industries for which China and the US represent the most important markets, an interesting and more diversified picture emerges (see table in the Supplementary File). With respect to specific subgroups of the machinery sector, the US is a far more important market, with several categories of machinery industries in Germany, France, Spain, and the Netherlands sending more than a tenth of their exports there. Meanwhile, only for Dutch semiconductor and general use machinery, and German metal and non-metal processing machinery, China represents more than 10% of the sectors' exports. The US is also dominant as a destination for the pharmaceutical industry, accounting for between 25 and 30% of market share for German, Spanish, and Dutch pharma industries.

Going into more detail, there are other significant data points in this overview (see Supplementary File), such as Italy and France's reliance on the US as an export market for their beverages and fashion exports, with China representing half the market share for beverages and about the same share for fashion. Beyond these important variations, the most striking insight to emerge from this disaggregated analysis is the sheer number of individual sectors in most of the selected countries that are heavily exposed to the US as an export market, compared with the far smaller number of sectors showing comparable exposure to China. In particular, the machinery sectors in France and Spain export substantially more to the US than to China. Spain also exhibits the least balanced export structure, with significantly fewer industries exposed to the Chinese market relative to the US, which accounts for a much larger share of exports.

The most significant finding here is the magnitude of individual industries that are export-dependent on the US compared to China. The vast, intertwined, and diversified nature of European industries' export dependence on the US revealed by our analysis, we would argue, inhibits—or at least considerably complicates—attempts to decouple or derisk from the American economy and related industrial policy dynamics—starkly illuminating the vast scope of vulnerability that comes with the EU's geoeconomic exposure to the US. Nevertheless, even if China-export-exposed industries are much fewer, they represent, as we show in the vignettes below, strong constituencies skeptical of policy moves that would provoke Chinese retaliation which impacts their strategies and the dynamics—and outcomes—of industrial policy making. This is arguably strongest in geographically concentrated sectors, and politically sensitive, price-sensitive, or easily substitutable products, such as alcohol, food, and consumer goods (see also Dür et al., 2025).

Below we will illustrate some of these dynamics in three vignette case studies, highlighting several pathways in which export dependencies on the US and China respectively, along the two dimensions we have conceptualized, have shaped public and private actor strategies and industrial policy dynamics in our sample of five EU member states.

## 4. Geoeconomic Exposure, Export Dependence, and Industrial Policy Dynamics in the EU

### *4.1. Unexpected Export Dependencies in the EU's EV Tariffs Battle*

Throughout 2024, the European Commission's efforts to impose additional duties on unfairly subsidized Chinese-made EVs served as a key test case for the Commission's more aggressive approach to China. Both through protecting the (struggling) domestic EV industry, but also as a rallying moment for those opposed to this direction of travel (Sebastian et al., 2024). As such, this provides an illuminating episode from our perspective. The export dependency of Germany on China has led both the car industry itself, with

Volkswagen being the most vocal, and the largest trade union IG Metall to publicly oppose tariffs (Rinke, 2024). With Chancellor Olaf Scholz "intimidated by the prospect of China raising tariffs on Germany's already falling exports of luxury [internal combustion engine] sedans to China" (Tordoir & Setser, 2025, p. 4), Germany tried to (unsuccessfully) form a blocking majority to prevent the imposition of additional tariffs, with China lobbying EU capitals in parallel (Moller-Nielsen, 2024). The case of EV tariffs, however, also presents two less obvious examples of how export dependence shapes EU industrial policy, from Spain and Slovenia.

As the European Commission in June 2024 published the outcome of its anti-subsidy investigation envisaging steep tariff hikes, China's response was swift. Beijing promptly initiated a retaliatory anti-subsidy investigation into the EU's exports of pork to China (Liboreiro, 2024a). Additional duties on pork would hit Spain particularly hard. Not only are its meat and seafood exports in general export-dependent on China (see Supplementary File), but the situation with pork is particularly acute. Spain is globally the largest exporter of pork products to China, accounting in 2023 for 21% of all Chinese imports, with the Chinese market accounting for 20% of Spain's pork exports (Piña, 2024). This Spanish export dependency is further pronounced by the fact that China represents a valuable market for "offal," byproducts such as snouts, ears, and tails, which in many other markets are considered waste (Ford & Mackenzie, 2024). The response of the European pork industry was immediate, with the largest European farming lobby, Copa Cogeca, declaring it is unacceptable that they are caught "in the crossfire of the trade disputes concerning other sectors," warning about consequences for not only the Spanish pork industry but also the sector in Denmark, the Netherlands, Germany, and Belgium (Liboreiro, 2024a). The head of the Spanish meat industries association similarly lamented their role as "spectators and victims of a train crash between great economic powers" (Pons et al., 2024).

As Spanish Prime Minister Pedro Sanchez visited China in September that year, just weeks before the European Council, Chinese retaliation via Spanish pork exports was at the center of discussions, with Sanchez expected to defend Spanish pork industry interests (Piña, 2024). In a meeting with Sanchez, Xi Jinping "expressed the hope that Spain will continue to play a constructive role" ("Xi Jinping meets," 2024). And indeed, at the end of the visit, Sanchez surprised by saying Spain is "reconsidering its position" regarding EV duties and that not only the member states but also the Commission "should reconsider its positions regarding the movement towards a trade war" (Liboreiro, 2024b). With its pork export dependence leveraged, Spain seemingly flipped: It had previously, along with France, been among the largest supporters of imposing duties on Chinese EVs (Liboreiro, 2024c). In the final vote in October 2024, Spain nevertheless ended up abstaining rather than supporting a Germany-led blocking coalition, supposedly "because Sánchez realised there was insufficient support to block the tariffs" (Garcia-Herrero, 2024).

Overall, this episode speaks to how China identified an export dependence in a not particularly "strategic" industry as a soft spot and leveraged it to try to avert the EU's industrial policy aimed at protecting and nurturing its EV industry. This specific export dependence was particularly severe for the Spanish pork industry, not just due to the relative size of this export industry, but also because it is labor-intensive and geographically concentrated (half of pork exports to China come from Catalonia) and thus politically sensitive (Figuls, 2025; see also Dür et al., 2025). The leveraging of export dependence in an unrelated sector, therefore, drove the positioning and coalition formation of a large member state, with the resulting prospect of EV tariffs being blocked. While ultimately not opposing the tariffs, this strategy nonetheless influenced the dynamics of EU industrial policy-making in the contested case of EV duties. At the same time,

Spain's "constructive" role enabled it to continue to pursue industrial policy domestically through acting as a "connector country" between the EU market and Chinese producers, resulting in a wave of Chinese investment in EVs and green tech manufacturing in Spain (Cohen, 2024; González & Granda, 2025).

Slovenia's positioning in the EV tariff story illustrates another aspect of export dependence shaping industrial policy dynamics. In the October 2024 Council vote, Slovenia surprisingly became one of the few to vote against the EV tariffs with Germany and three other member states, after abstaining in earlier votes. As we have mapped, Slovenia, or individual Slovenian industries, have negligible export volumes to and no export dependence on either China or the US (see Supplementary File). However, here, Slovenia's export dependence on Germany crucially acts as an element of *secondary* exposure. Germany is Slovenia's most important export market for both the machinery and car industries, the two sectors whose supply chains represent the manufacturing backbone of the Slovenian economy (see Pavlínek, 2025; Veselinovič, 2025). It was this relationship that tilted the Slovenian government; as Slovenian economy minister Matjaž Han explained, the vote was based on "consultations with the industry and our largest partners" ("Bruselj potrdil uvedbo," 2024). His ministry later confirmed there had been "thorough consultations with the car industry," adding "it is not insignificant that the German position was identical, since this country remains [Slovenia's] most important partner in the automotive industry" (Lončar, 2024). Even in the absence of direct export dependence on China, Slovenia's subordinate embeddedness in the supply chains of the China-dependent German car industry thus functioned as secondary export exposure, directly influencing its vote on a central matter of the EU's industrial policy efforts.

This vignette illustrates how the different elements and dimensions of export dependence on China—national in the case of Germany, (unrelated) sectoral in the case of Spain, and secondary sectoral in the Slovenian case—all conditioned the respective governments' and lead firms' positioning. And while their skepticism and opposition eventually failed to reverse the EV tariffs, the uncertainty that the last-minute reconsiderations introduced into the EU's industrial policy dynamics was significant, especially considering the EV tariffs case was presented by von der Leyen as a test case for the EU's commitment to derisking where members should not succumb to China's divide and rule tactics (Barkin, 2024; Liboreiro, 2024c).

### *4.2. LVMH and the Private Diplomacy of Being Caught Between China and the US*

LVMH is a French multinational company and the world's largest luxury goods company, managing 75 brands in fashion, spirits, jewelry, and perfumes, among others, headed by chairman Bernard Arnault, periodically the richest person in the world ("How Bernard Arnault," 2022). The French export exposure in fashion and alcoholic beverages (see also Supplementary File) is largely a reflection of LVMH's size. What is interesting here is that LVMH is about similarly exposed to both the US and China, with both accounting for about 20% of revenue annually. However, as Arnault emphasizes, the US is "more than a simple market"; after France and Italy, it is the third pillar of LVMH, accounting for 12 of its brands ("American houses" like Tiffany and Marc Jacobs; "LVMH, a look back," 2023). China, on the other hand, has been the motor of LVMH's growth in recent years and as such is also irreplaceable (Kostov & Meichtry, 2024). LVMH's and Arnault's political activity and private diplomacy aimed at safeguarding a middle ground to protect LVMH's (sectoral) export interests while being caught up within the intensifying US–China rivalry, have been an expression of this double export bind.

Throughout 2025, as the EU struggled to mount a response to Trump's announcement of Liberation Day tariffs, Arnault has been one of the loudest corporate voices in favor of appeasing the US—whereby it should be noted that the Arnaults have been family friends with the Trumps for decades (Kaiser, 2025). He called on the EU to establish a "free trade zone" with the US (Leali, 2025), saying that a failure to "amicably" resolve the trade war with Trump would be "the fault of Europe" and would force LVMH to increase US production and "avoid Europe" (Alderman, 2025). Once the negotiations got going, he urged the EU to negotiate "constructively" and offer Trump "reciprocal concessions," while Arnault also promised to deploy his "limited resources and contacts" to convince Europe to take a "constructive stance" (Klasa et al., 2025). In the weeks to come, Arnault engaged in extensive "private diplomacy," personally meeting with Trump, Macron, Meloni, and Merz, to broker a trade deal exempting cognac and wine from tariffs, which are at the center of his group's business (Kostov & Meichtry, 2025).

With China, Arnault perhaps lacks the close familial connections to the regime that he has to the Trump dynasty, but LVMH has nevertheless been very active in trying to maintain steady economic relations. When, during the EU's contemplation of additional duties on Chinese EVs in 2024, China announced an anti-subsidy investigation into European brandy (just as it did with pork), this was seen as an attack on French exporters (mostly LVMH), and was called "pure retaliation" by Macron ("Luxury brand LVMH," 2024). LVMH, whose Hennessy cognac was at the center of the investigation, however chose to cooperate with Chinese authorities, with Arnault publicly expressing "hope [that] the economic tensions will quiet down and that we can continue a solid economic collaboration with China" (Rascouet, 2024). And indeed, French cognac makers ended up signing a minimum export price that exempted them from the levy, leading the French foreign minister Jean-Noël Barrot to proclaim that "regarding cognac and Armagnac, the industry is saved" (Xu, 2025). Macron, too, celebrated resolving the dispute "threatening our exports," while Chinese foreign minister Wang Yi commended the "friendly consultation" and expressed "hope that France, as a key country of the EU, will push the European side to properly handle China–EU economic and trade differences and actively respond to China's concerns" (Xu, 2025).

From the perspective of export dependence, LVMH presents an interesting case, similarly reliant on both China and the US. A single firm in a non-tech sector, it nevertheless acted as an important countervailing force against policy decisions that would threaten to close up markets in either China or the US. The political interventions by Arnault mostly relate to LVMH's direct business interests (like tariffs on luxuries). But LVMH's status of "state within the state" in France, where, according to one LVMH executive, the company is "so big, so powerful that we don't even need to lobby anymore, it happens all by itself" (Conesa & de Royer, 2025), also impacts broader industrial policy dynamics when these are seen as potentially impinging on the trading relationship with China and the US.

### *4.3. The Netherlands, ASML, and the Chip War*

Being home to ASML, the Netherlands has become a focal point of the US–China chip war. ASML is the crown jewel of the European technology industry, with a global monopoly on extreme ultraviolet lithography machines for the manufacturing of the most advanced semiconductors, and Europe's most valuable technology company with a market valuation exceeding $500 billion. As such, it became the focus of US extra-territorially imposed export controls targeting China; a pressure campaign involving covert and open bilateral diplomacy and lobbying that started in 2018. In spite of fierce pushback from ASML, this contested

process culminated in the Dutch government's refusal of ASML's export licenses for extreme ultraviolet lithography machines in 2019 to China, gradually formalizing these restrictions into a more comprehensive semiconductor export control regime, e.g., also covering the less advanced deep ultraviolet (DUV) lithography machines (Hijink, 2024; Korteweg, 2023). The ASML case presents a counterintuitive example of how export dependence shapes firms' and governments' positioning and wider industrial policy dynamics, which is particularly illustrative in how export dependencies are interacting with other elements of geoeconomic exposure (such as import dependencies and security-related dependencies).

In 2024, ASML was more than twice as exposed to China (36.1% of annual sales) as it was to the US (16%; ASML, 2025). ASML is also one of the few existing technological chokepoints in Europe, which means that aligning with the US and depriving China of ASML semiconductor manufacturing equipment would not only undermine the firm's commercial prospects but also the EU's competitiveness and potential for using ASML as a weapon of economic statecraft (Korteweg, 2023). Purely in terms of ASML's export dependence, aligning with the US and cutting itself off from the Chinese market therefore seemed counterintuitive. And indeed, ASML pushed back strongly, establishing for the first time a government affairs team and ramping up its lobbying activities in the US, Brussels, and the Netherlands with support from some industry associations, experts, and members of parliament (Hijink, 2024). While this did not prevent the controls from being implemented, it did influence the political dynamics by delaying the process, seeking to narrow down the remit of export controls, and politicizing them through discussions in the Dutch parliament and media (Haeck & Moens, 2023; Korteweg, 2023; Olsthoorn, 2022; Olsthoorn & Leupen, 2022).

Security alliances and related dependencies—in particular on the US—as another element of geoeconomic exposure played a crucial role in this case (de Graaff et al., in press). A US coalition of high-level politicians, diplomats, and the intelligence service built a sustained campaign to pressure the Dutch into adopting an increasingly restricted semiconductor export control regime (de Graaff et al., in press; Hijink, 2024; Korteweg, 2023). In the case of ASML-related export controls, then, the commercial interest of continued access to the Chinese market for its exports—as well as the potential strategic benefits of possessing a European "chokepoint"—was trumped by the leveraging of the Dutch subordinate position in the American security alliance and the related securitization of the Sino-Dutch relationship. In addition, this article has highlighted that beyond ASML, the Dutch economy is overall more export-dependent on the US than on China, with the former accounting for 16.5% of extra-EU exports of goods in 2024 and China only 9% (Eurostat, 2025c; see also Supplementary File). Besides (national) security considerations in relation to the US, the Dutch government was thus also faced with a trade-off between its more general export dependence on the US and the narrower semiconductor industry interests of ASML. ASML itself, moreover, also had to balance its export dependencies on China against the firm's reliance on the US for advanced components and intellectual property (Starrs, 2025), and embeddedness in a US-centered ecosystem of customers (TSMC, Intel, Samsung) and suppliers which are all subject to US jurisdiction and standard-setting dominated by US firms and agencies (Germann et al., 2024).

The case of ASML and the transformation of the Dutch semiconductor export control regime thus illustrates how different (and sometimes counteracting) elements of export dependence (sectoral and firm versus national) interact with other dimensions of geoeconomic exposure such as import dependence and security dependencies, driving contestations around industrial policy (in this case, export controls). ASML's export dependence on China drove them to try and retard the implementation and scope of export controls. While

failing to prevent them, ASML's actions did influence the industrial policy dynamics related to the export controls, and while doing so, arguably also prepared the ground for generous domestic industrial policy compensations, such as the 2024 €2.5 billion Dutch government initiative for strengthening the national semiconductor industry, known as "Project Beethoven" ("The Netherlands to invest," 2024).

## 5. Conclusion

We have argued in this article that geopolitics, as an often-evoked driver of the EU's geoeconomic turn—and its industrial policies in particular—needs to be dissected. Rather than uniformly pushing towards greater coherence, the dynamics of an intensifying clash of techno-nationalisms, underpinned by the US–China rivalry, have differential effects on EU economies. These shape the patterns of conflict and cooperation across EU governments and corporate actors, including industrial policy dynamics and outcomes, which are the central focus of this thematic issue. Understanding them, we have argued, requires attending to how geopolitical pressures translate through the political-economic structures that determine geo-economic exposure, as a key driver of industrial policy dynamics. Geoeconomic exposure comprises the extensively analysed import dependencies and FDI flows but is also shaped by security alliances and political alliances, and, crucially, as we posit, the dependence of economies on foreign markets as sources of demand for their exports. This latter aspect of *export* dependence, however, has so far been largely overlooked in academic and policy debates.

In this article we have therefore provided a first systematic empirical analysis focusing on the export element of geo-economic exposure, which we have conceptualized and analyzed in terms of two partly overlapping dimensions: the national economy as a specific (often exports-driven) GM, and the exposure of export-reliant sectors and their lead firms, especially to the US and China as demand markets and core rivals. One of the key findings uncovered by our focus is that the five EU economies that we have studied are significantly more exposed to the US than to China. In addition to significant import, FDI, and security dependencies on the US, as shown in extant literature, we propose that this may offer an explanation of why the EU and its member states have found it so hard to de-align from the US's hard stance on pursuing a tech war with China. Nevertheless, as our analysis also shows, China as a demand market continues to have strong constituencies in several EU states and across several industries.

These overlapping exposures also shape the positioning and conflicts around EU industrial policies, as illustrated in the three vignettes. We highlighted how the coalition opposing EU tariffs on Chinese EVs, led by Germany and its car industry, was strengthened by Spain due to its pork industry's export dependence on China (a non-tech industry that is hardly ever discussed in strategic terms), as well as by peripheral Slovenia's secondary export dependence on the German car industry. In another case, we showed how the dual export dependence on the US and China induced France's luxury conglomerate LVMH and its CEO Bernard Arnault to shape industrial policy dynamics by seeking a pacification of (geo)economic relations between the EU and China and the US. Finally, in the counterintuitive case of the Dutch semiconductor export controls on its "European champion" ASML, we highlighted how security relations with the US were strongly interacting with the export dependence component.

While offering novel insights and probability probes of these dynamics, further research is required to more systematically establish how geo-economic exposure—including the dynamics between its different elements of export dependence, import dependence, FDI, and security and political alliances—leads to (industrial) policy

outcomes and coalition building. The key contribution of the present study is to provide the conditions for such an analysis by conceptualizing geoeconomic exposure, including export dependencies as a crucial determinant, and mapping variation of this export dependence across a selection of EU member states, as well as how this has shaped industrial policy dynamics. The article therewith also contributes to puzzles and challenges around industrial policy-making that the EU and its member states face in navigating the "geotech world," which are at the heart of this thematic issue (Bora et al., in press). Still, while this article's main purpose was to develop an understanding of export dependence as part of geoeconomic exposure and how this may shape industrial policy outcomes, this conclusion calls for some additional reflections on the limitations of our analysis and avenues for further study.

First, while we have mapped the export element of geoeconomic exposure as a snapshot of the last couple of years, we have also made it clear that this is a dynamic relationship rather than a static property of either a country or industries from which politics can be simply inferred. Because geoeconomic exposure shapes strategizing and policies, and these in turn also shift the parameters of exposure, further research should use the descriptive statistical approach to exposure as a starting point for in-depth qualitative analysis of policy processes, and within them, the dynamics of coalition formation. Here, the relative weight of different export sectors in the aggregate and their final export markets offers a first clue about which actors (for example, large firms or sectoral associations) to focus on in analyzing processes of coalition-formation and policy outcomes. In line with our emphasis on the export element of geoeconomic exposure, further research could pay more attention to the particularities of state–business relations in this domain, where politics tends to be "quieter" than in the more bombastic matters of import dependencies being weaponized (Dür et al., 2025; Schmitt & Vlasiuk Nibe, 2025; see also Culpepper, 2010).

Furthermore, our comprehensive conceptualization of export dependence and its suitability for abductive theorizing mean that it can be expanded with additional or more detailed indicators in each dimension, dependent on the research questions and industry or policy processes one wants to analyze. This also means that further research could focus more narrowly on specific policy processes in order to be able to more comprehensively account for other elements of geoeconomic exposure which we have only gestured at in the preceding section. Finally, while the selection of countries was appropriate for this article's research aims, future research could expand the array in accordance with the empirical case at hand. Further empirical research into the details of industrial policy-making should also provide additional insights into the socio-political dynamics within individual economies that shape the interests and positioning of actors beyond geoeconomic exposure.

Overall, this article's key contribution has been to show that in answering the "how" question of the EU's industrial policy's practical implementation in the geotech world, beyond the narrow issue of cross-cutting techno-dependencies, actors' geoeconomic exposure—and within it the various export dependencies—condition the ways in which US-Chinese rivalry at the center of the geotech world is mediated through conflicts and strategizing around specific industrial policies in the EU. To understand these processes, we need to include not only import dependencies or cutting-edge tech advancements, but also the more mundane exposure of significant industrial sectors to Chinese and US demand.

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## Conflict of Interests

The authors declare no conflict of interests.

## Data Availability

The dataset created for the mapping of export dependencies can be made available by the authors upon request.

## Supplementary Material

Supplementary material for this article is available online in the format provided by the authors (unedited).

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