US-China relations

US-China tensions have upended global order, Jamie Dimon warns

JPMorgan chair says international situation more complex for business than in the cold war era

JPMorgan chief executive Jamie Dimon's first visit to mainland China in four years comes while relations between Beijing and Washington are at their lowest point in decades © Bloomberg

Kaye Wiggins in Hong Kong, **Thomas Hale** in Shanghai and **Joe Leahy** in Beijing
YESTERDAY

Tensions between the US and China have upended the international order, making it more complex for business to deal with than during the cold war, JPMorgan chief executive Jamie Dimon has warned.

On a day that manufacturing data showed the recovery in the world's second-largest economy was faltering, Dimon also argued that "uncertainty" about Beijing's policies would hurt investor confidence.

"Hopefully, we can work out all these differences, you know, with China and America and what it is doing to other allies, relationships and things like that," he said in comments behind closed doors at a JPMorgan conference in Shanghai.

"We haven't really had that [complexity] really since world war two . . . I wouldn't even put the cold war in that category," he added, according to an audio recording of the event.

JPMorgan did not immediately comment.

Dimon's comments during his first visit to mainland China in four years came as a contraction in Chinese factory activity cast doubt over the country's growth prospects, shaking regional equity markets against the backdrop of worsening relations with the

US.

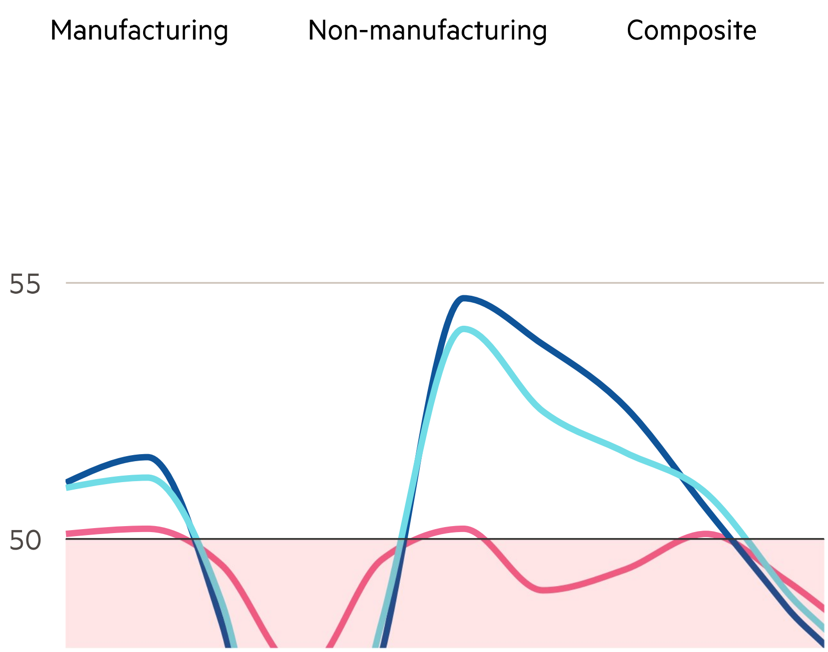
“If you have more uncertainty, somewhat caused by the Chinese government . . . it’s not just going to change foreign direct investment,” Dimon told Bloomberg TV, in response to questions on China’s Covid-19 policy and its crackdowns on consultants and the tech sector. “It’s going to change the people here, their own confidence.”

China is [struggling to revive economic growth](), as Wednesday’s figures highlighted, after abandoning its zero-Covid policy at the end of last year.

The official manufacturing purchasing managers’ index fell to 48.8 for May, compared with 49.2 in April, according to the National Bureau of Statistics.

Manufacturing activity contracts after brief reopening boost

China’s official purchasing managers’ index (PMI)



The data drove down Hong Kong's Hang Seng China Enterprises index, which tracks large mainland companies, almost 2 per cent on Wednesday, taking the benchmark more than 20 per cent below its January peak and into a bear market.

The renminbi slipped 0.5 per cent to Rmb7.1128 against the dollar, down about 3 per cent for the year to date.

Economists said that if the purchasing managers' index remained for several months below 50, which indicates a contraction, the government would consider stimulus policies.

China's economy grew rapidly in the first quarter but the rebound has since begun to falter. High hopes for business reopening have been undermined by a lack of investor confidence and geopolitical tensions after the US shot down a suspected Chinese spy balloon and increased sanctions on semiconductors.

Beijing has also raided foreign groups such as Bain & Company, Capvision and due-diligence group Mintz, and increased regulation of domestic private sector players, including tech companies and education businesses.

Property investment, credit and industrial profits have declined, while indicators such as retail sales have fallen short of analysts' expectations, casting doubt on the government's full-year growth target of 5 per cent.

FDI in China, as measured by one of the Ministry of Commerce's principal benchmarks, rose 2.2 per cent in the first four months of 2023 to just under Rmb500bn, though it declined in USD terms by 3.3 per cent to $73.5bn.

At the JPMorgan conference, Dimon said that while he sometimes complained about regulators in the bank's home market, the US system had a "positive side".

"Transparency, investor protection, the rule of law, the ability to do business in large markets and having proper corrupt practices acts — that's actually good for a country. It's good for financial markets. It's good for capital."

Dimon's visit to Shanghai is one of several high-profile trips by foreign executives as China reopens. Elon Musk, chief executive of Tesla, flew into Beijing this week and met foreign minister Qin Gang.

JPMorgan has invested significantly in the mainland, where the government has given foreign businesses greater flexibility to set up their own financial companies as part of a push to develop the largely closed-off financial system. In 2018, Dimon said in Beijing that "we're building here for 100 years".

The bank's Shanghai conference, which included speeches from Henry Kissinger and Baidu chief executive Robin Li, attracted about 3,000 attendees. It was largely closed to the media.

Additional reporting by William Langley, Andy Lin and Hudson Lockett in Hong Kong

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