

Chinese business & finance

Global CEOs flock to China as tensions mount over export glut

Apple's Tim Cook, ExxonMobil's Darren Woods and HSBC's Noel Quinn head to Beijing for annual development forum



Apple chief Tim Cook attends the opening of a new Apple store in Shanghai on Thursday © Reuters

Joe Leahy in Beijing 12 HOURS AGO

Keep up with the latest news on Asia's biggest economy.

[Explore the China Focus hub](#)

Global chief executives including Apple's Tim Cook, ExxonMobil chair Darren Woods and HSBC's Noel Quinn are expected to attend China's version of Davos in Beijing this weekend, as international criticism mounts that Chinese industrial oversupply could lead to a "slow-motion train accident" for world trade.

Almost 90 CEOs, as well as heads of multilateral organisations such as the IMF, are expected to attend the China Development Forum. US executives in particular are returning to the event this year in greater numbers, attendees said, in a sign that bilateral tensions have eased slightly after they plumbed new lows last year due to a spy balloon incident.

The organisers of the conference, held in the scenic Diaoyutai State Guesthouse in Beijing, announced on Friday that China's second-ranked official premier Li Qiang would preside over the event this year and deliver a keynote speech.

There has been no confirmation of reports that he will cancel a roundtable with the

CEOs, traditionally one of the few annual chances for foreign business leaders to engage with Chinese government officials of his stature.

In one apparent signal of support for the event, President Xi Jinping this week made a rare visit to an enterprise with foreign investment — German chemicals group BASF's battery joint venture in central Hunan province — and his cabinet announced a 24-point plan to support foreign businesses.

Beijing will be seeking to counter international criticism of its response to weak demand from a property slowdown, which is to further stimulate manufacturing. This policy is [incentivising oversupply and dumping](#) on global markets, threatening the “deindustrialisation” of trading partners, analysts said.

Releasing a report this week detailing China's efforts to “de-risk” its economy by reducing its dependence on foreign suppliers, Jens Eskelund, president of the European Union Chamber of Commerce in China, called for immediate talks between policymakers in China and the EU to avert trade tensions as European producers struggle to compete with dumped products.

“I think what we see right now is the unfolding of a slow-motion train accident,” Eskelund said at a briefing on the report. “I think there's still a possibility of finding off-ramps, and that's what we hope.”

He said overcapacity in Chinese industry was “across the board” and “I don't think we've seen the full impact yet”.

“There needs to be an honest conversation between the EU and China on what is this going to be,” he added, “because it is hard for me to imagine that Europe will just sit by quietly and witness the accelerated deindustrialisation of Europe.”

Jon Harrison, managing director of emerging markets strategy at TS Lombard, said China's manufacturing-led economic model would continue to generate trade tensions, whether Donald Trump or Joe Biden won the US election this year.

“Further escalation is inevitable simply because the US and also Europe will be unable to absorb the flood of manufactured exports from China, led by high-tech and green transition products,” Harrison said in a research report.

The CDF and China's other international flagship conference, the Boao Forum for Asia on the southern island of Hainan, traditionally follow the annual meeting of its rubber-stamp parliament, where the party announces its economic growth targets for the year.

This year's goal of 5 per cent gross domestic product growth is considered ambitious by analysts. Foreign direct investment in China [plunged to its lowest level](#) since the 1990s last year as an expected strong recovery from pandemic-era lockdowns failed to materialise.

Foreign and domestic investors have been rattled by a long slump in the property sector, which has undermined domestic demand and created deflationary pressures, leading to stock market falls last year that were only arrested by heavy state intervention.

Last year's China Development Forum was marred by the detention of five local staff of US-based due diligence group Mintz just days before the opening ceremony. The incident was the first in a [series of raids on foreign consultancies](#) in China on security grounds. One year later, the Mintz employees are still in detention on undisclosed charges.

Along with the raids on consultancies, which have threatened investors' ability to conduct due diligence, businesses have been spooked by amendments to an anti-espionage law that they see as too broad, as well as new data security rules that they argue are too vague.

Despite these uncertainties, US business leaders will attend this year's event in greater numbers, according to Han Shen Lin, China country head at advisory consultancy The Asia Group.

Ahead of the forum, Apple's Cook was pictured walking along the Bund in Shanghai, while an interview in the state-owned China Daily newspaper portrayed him as endorsing Xi's latest Communist party buzzword "new quality productive forces", which many interpret as moving up the value chain.

"I think it is essential and it is the future," the paper quoted Cook, whose company employs hundreds of thousands of workers in China, as saying.

Lin said US business leaders attending the CDF tended to come from financial services, asset management, biopharmaceutical and other industries that require scale and for which "the rule still applies that if you have no China strategy you have no global strategy".

The European Chamber's Eskelund said everyone at the CDF would be looking for answers from policymakers on the key challenges facing the economy, including oversupply, local government indebtedness and the future of reform.

oversupply, local government indebtedness and the future of reform.

“I think people are looking for pointers as to where China’s going,” he said. “All of the talk about sort of unwavering commitment to reform and opening up — what is that going to mean in concrete terms?”

[Copyright](#) The Financial Times Limited 2024. All rights reserved.
