

“Not to waste an opportunity“

The world has changed in several important way since the US election and the subsequent actions taken by the Trump administration. The leadership role traditionally played by the United States is unlikely to be fully restored by any future administration.

Global trade dynamics have shifted, not just in the short term but likely for many years to come. China has intensified its contacts with the EU, and several EU countries have clearly changed their critical stance of the past decade and moved to reinforce both their political and commercial relations. On the ground in China, there is a clear trend in foreign companies reinvesting in existing operations or increasingly pursuing acquisitions.

At the same time, and perhaps even more so, we see Chinese companies increasing their interest in the EU. With the recent disruptions in US-China trade relations, the EU has become an even more important market for China, in both the short and long term.

However, critical perspectives are emerging in Europe, focusing on both economic and political risks. For the past 40 years, there was hope that China would gradually move in a direction reminiscent of the open democratic societies most of us are familiar with. This discussion remained very much alive in the international community as recently as the 2008 Olympic Games. Today, it is clear to all that China is charting its own path, one that has brought significant quality of life improvements for most of its citizens.

For those of us who live and work in China, it is clear that the EU has not matched the rapid developments we have seen in China across areas such as green technology, electric vehicles, logistics and transportation, and smart payment solutions, just to name a few.

What would an isolationist EU policy do? What would restrictions on Chinese investments in non-security-critical sectors do? Cooperation drives progress, and it is up to us to decide how we share business-critical information and protect core assets.

The risk appetite for increased investment in China should be assessed by asking whether it is even possible to be globally competitive without a presence in China. The assertion that “if you cannot succeed in China, you cannot succeed globally” is certainly true for many companies. Are foreign management teams and boards aware of how fast things are moving in China? A development in a certain area that might normally take ten years in Western markets may take just three in China. If we don't recognize the speed of development in China, how can we make the right investment decisions and take the right risks? How can we even discuss an isolationist policy if we have no understanding of the consequences?

I always say that there has never been a more exciting time to be in China, and that is certainly true today. The need to understand, to be on the ground, has probably never been greater.