

Chinese business & finance

Keep faith in China, Li Qiang tells business at 'Summer Davos'

Premier seeks to win over sceptical foreign
investors despite tension over trade

Robin Harding, Joe Leahy, Thomas Hale and Ryan McMorrow in Dalian JUNE 27
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As China welcomed foreign and local delegates at the World Economic Forum's "Summer Davos" in Dalian this week, Beijing's number-two official struck a defiant tone.

First in a speech and then in private with a smaller group of executives, [Li Qiang insisted](#) that a recovery in the world's second-largest economy was on track despite investors' misgivings.

Even the country's real estate market downturn, characterised by falling prices and an overhang of millions of unsold apartments, was on the mend, Li told the closed door event with foreign and local business leaders.

The premier said participants "should be confident about China's economy", said one person who attended the private gathering.

In the past, such a sentiment would have been an easy sell at the [WEF's](#) China conference. Held in a giant purpose-built conference centre with a lobby the size of four football fields, the “Annual Meeting of the New Champions” was once a magnet for the global business elite. One US executive recalled corporate jets fighting for space at the city’s airport in pre-pandemic years.

This year’s summit drew 1,600 attendees, a slightly [bigger crowd than in 2023](#) when China was emerging from pandemic controls. But western executives made up only about a fifth of those present, and global chief executives were few and far between. The most senior foreign politicians were Poland’s President Andrzej Duda and Vietnam’s Prime Minister Pham Minh Chinh.

“There were more foreigners than last year but not that many westerners,” said Zhu Ning, head of China at Brunswick Group. “People are cautiously optimistic about this year’s prospects but uncertain about the long term,” he said about [China’s economy](#) and business environment.



The World Economic Forum’s annual ‘Summer Davos’ event in China was a magnet for the global business elite before the pandemic © Pedro Pardo/AFP/Getty Images

The agenda included topics such as artificial intelligence and climate change, but discussions on the sidelines were focused more on the economy and the EU’s recent decision to [increase tariffs](#) on Chinese electric vehicles by up to almost 50 per cent.

Li countered complaints that China's production of new energy goods was distorting trade, saying that exports of EVs and lithium batteries "enriched supply in the international market".

Behind closed doors, he made efforts to win over sceptical foreign businesses, saying he was there to hear companies' complaints and introducing China's commerce minister to investors.

Foreign companies made presentations to the premier at the private meeting, including Coca-Cola, Exxon and Swiss-based human resources company Adecco Group, according to one attendee.

Li's presence for most of the day in Dalian was a sharp contrast to the China Development Forum in March — the country's biggest event for foreign executives — which the premier left after delivering his keynote, bucking a tradition of privately meeting business leaders.

Separately in Beijing this week, a government-backed "Invest in China" event touted successful foreign investments including from Airbus, BMW, Intel and Novo Nordisk, the Danish pharmaceutical company whose weight-loss drug Wegovy was approved for sale in China this week. "Investing in China is investing in the future," said a CCTV report, which highlighted government support for the projects.



German vice-chancellor Robert Habeck has signalled a willingness to open discussions with China over Europe's electric vehicle tariffs © Sebastian Christoph Gollnow/dpa

There were signs of the charm offensive resonating with some in Europe.

On a recent visit German vice-chancellor Robert Habeck, whose country is a big investor in China's automotive industry and was critical of the EU's move to impose tariffs, said the door was "[open for discussions](#)" on the levies.

On Wednesday he seemed to go further, saying the European Commission must be prepared to resolve the tariff dispute "politically".

An executive from a European automaker in Dalian who declined to be named said one solution might be a sliding scale of tariffs that could be gradually reduced the more a Chinese company localised production in Europe.

This would give European companies time to prepare for Chinese competition and encourage investors from China to create jobs on the continent — much as Beijing required of foreign carmakers when they entered its market decades ago.

"Let's get a win-win situation out of this," the executive said.

Another big topic of sideline discussion was the US presidential election, and what the outcome would mean for US-China relations.

"The American and European political cycles and hangover anxieties from the pandemic have combined to produce protectionist and isolationist sentiments," said David Adelman, managing director at Krane Funds Advisors in New York and a former US ambassador to Singapore.

He said the US election would involve "a heavy dose of anti-China rhetoric" but that "smart people around both candidates understand the US and Chinese economies are interdependent and that in the long run, Americans benefit from globalisation".

Concerns about China's compliance with US sanctions related to the war in Ukraine were also stoking reluctance among US investors.

"There is a lot of capital sitting on the sidelines looking to invest into China," said Kungsheng Fan, head of China at Lazard Asset Management, during one panel discussion.

Most investors privately predicted that China's economic growth would continue to be "two-track", with exports offset by patchy domestic demand. They will also be closely watching July's third plenum, a meeting every five years where China's leadership sets out medium-term economic policy.

Li's speech in Dalian "had the right sentiments about tackling the symptoms as well as root causes of China's economic malaise", said Eswar Prasad, a professor of trade policy at Cornell University, but had "little to offer in terms of specific remedies".

The premier "did not directly address investors' and analysts' concerns about festering problems in the real estate market and other sectors of the economy or the apparent shift in the government's attitude towards private enterprise", added Prasad.

Additional reporting by Wenjie Ding and Nian Liu in Beijing

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