

Europe's business chiefs see China relations worsening

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A majority of Europe's chief executives believe relations between Europe and China will worsen over the next three years, with the EU's de-risking strategy and Beijing's close ties with Moscow cited as the greatest areas of friction.

The European Round Table for Industry (ERT), which includes chief executives and chairs of large European companies such as ASML and Unilever, found 54% of those surveyed believed EU-China relations would deteriorate, with just 7% seeing improvement.

The European Union is China's largest export market for goods, while China is the third largest market for EU goods.

In the ERT's survey published on Wednesday, China-based CEOs of Western multinationals were more upbeat than counterparts in Europe, with the number expecting no change outweighing those who saw a worsening of ties.

Both groups saw de-risking, the EU strategy to reduce its reliance on China, notably for critical minerals and technology, as a top point of friction.

CEOs, especially those based in China, also saw Beijing and Moscow's "new era" of partnership as a key risk.

Chinese relations with the United States and Chinese industrial overcapacity were seen as other key areas of future friction for EU-China ties.

The survey separately found European CEOs and chairs more upbeat overall than at any time since late 2021. However, the increased optimism was mainly related to prospects outside Europe rather than within.

The CEOs believed the new EU leadership that emerged after the European Parliament election on June 6-9 would have the greatest positive impact for Europe's economic prospects by simplifying regulation and by completing the EU single market.

Source: Reuters (Reporting by Philip Blenkinsop, Editing by Mark Potter)