

Evolving Europe-China Relations

歐中關係演變

There are still plenty of opportunities for European businesses in the Mainland if they are willing to adapt to the changing environment

只要願意適應環境變化，歐洲企業在內地仍然機遇處處

The economies of Europe and China are highly complementary, creating huge possibilities for cooperation and growth, so long as investors think like businesspeople and not politicians, said investor and author David Baverez.

At a Chamber webinar on 27 January, Baverez, whose books include "Beijing Express: How To Understand New China," shared his insights on the changing relationship between the two economies, and the impact on Hong Kong.

Assessing the current situation, he said that he expects interest rates in Europe will stay low and

growth will be constrained. China's economy is continuing to grow, but at levels of around 5%, rather than the 10% of a few years ago, and is also dealing with a correction in its real estate sector.

So Europe has low economic growth but high productivity, whereas China has higher growth but its productivity levels are relatively low.

"It should be obvious that if we put the two regions together they are very complementary," Baverez said, adding, "but all this is very theoretical. In reality, we shouldn't be naive."

He explained that, in the past few years, the relationship between China and Europe has weakened. This is due to a number of reasons, including political pressure from the United

States. Baverez referred to the 1997 book "The Grand Chessboard" by Zbigniew Brzezinski, which said that "the nightmare of the U.S. in the 21st century would be Europe teaming up with Asia."

So the U.S. is keen to prevent the Europe-China relationship from growing (even though the U.S. is a major investor in China). For example, the E.U.-China Comprehensive Agreement on Investment, which was agreed in December 2020 after seven years of negotiation, has now been suspended following pressure from the United States under both the Trump and Biden administrations.

“We need to ensure that the E.U. and China talk to each other without U.S. interference,” Baverez said.

Another hurdle is the knowledge gap. Whereas the Chinese diaspora is around 70 million, there are relatively few foreigners in the Mainland. “So we European guys have to work a lot harder to understand what is happening in China.”

There is also an investment gap. Half of China’s growth comes from exports, and China’s share of global manufacturing continued to grow in 2021. This could create opportunities for European companies, if they are willing to take them.

“We are businesspeople, and we should think like businesspeople and not politicians,” he said. “Businesspeople should look at the value chain and identify the strengths and weaknesses, and see where there are gaps or bottlenecks where we can help.”

To develop further, China needs more technology in certain sectors, particularly in manufacturing. One problem is that there is a perception that the best technology comes from the U.S. However, as Baverez noted, the U.S. is no longer a manufacturing powerhouse, so China would actually benefit more from the know-how of European companies like Bosch.

“Europe is ahead of the U.S. in industrial software,” he said, adding that Europe has much to offer in other areas including services, processes and asset management.

“China’s mistake is not to appreciate that there is a lot of wealth and



knowledge in Europe. Conversely, it is Europe’s mistake not to sell this knowledge to China, and encourage cooperation between the two regions.”

European investors should remember that China is not only a huge country but also very decentralized, with strong regional governments. If you want to invest in the Internet of Things, for example you need to go to the Greater Bay Area, not Beijing.

So where is the role for Hong Kong in the shifting relationship between China and Europe? Baverez said that Hong Kong is also at a turning point. Previously, the city was a gateway to bring foreign capital into the Mainland for industrial development. But China is now generating its own capital in this area.

But another role for Hong Kong could be to help Mainland households access income streams from financial

markets – particularly since the growth in real estate seems to be over. This would enable Chinese people to share the success of homegrown companies like Tencent, while the economy would also benefit from having access to the large savings piles of Chinese households.

Hong Kong should also focus on its role as a regional centre, and in particular should cooperate with Shenzhen as the two main cities in the Greater Bay Area.

So while the role of Hong Kong is changing, there is no shortage of opportunities for foreign entrepreneurs and businesses based here, if they are willing to adapt.

“For expats, the next 20 years will be different to the past 20 years,” Baverez said. “But if you are willing to change your job description, Hong Kong will be as exciting as ever.”

歐洲與中國經濟互補性強，只要投資者以商業而非政治的角度思考，兩地的合作和增長潛力仍然龐大，投資者兼作家 David Baverez 如是說。

在總商會 1 月 27 日的網上研討會，《北京速讀：如何認識新中國》（譯名）一書作者 Baverez 剖析兩大經濟體的關係變化及對香港的影響。

Baverez 表示按目前情況來看，預期歐洲利率將維持於低水平，經濟增長受到局限；另一邊廂，中國經濟持續以約 5% 的幅度增長，較數年前的 10% 回落，而內地房地產業亦正處於調整階段。

簡言之，歐洲經濟增長率低，但生產力高；相對之下，中國經濟增長率較高，生產力卻較低。

「兩地對接發展的話，顯然能發揮互補作用。」Baverez 續道：「但這只流於理論層面；實際上，我們不應存有天真的幻想。」

他解釋，基於美國政治施壓等種種原因，中歐關係在過去數年趨淡，又引述了 Zbigniew Brzezinski 在 1997 年出版的《大棋盤》中的一席話：「21 世紀美國的惡夢，將會是歐亞結盟。」

因此，即使美國是中國的主要投資者，美方亦積極防範歐中關係向好發展。以《歐中全面投資協定》為例，這項經歷了長達七年的磋商，最終在 2020 年 12 月達成的協定，如今又因美國特朗普和拜登兩屆政府接連施壓而被擱置。

「我們要確保歐盟和中國在不受美國干擾的情況下進行溝通。」Baverez 說。

知識差距是另一挑戰。現時海外華人約有 7,000 萬，而身處內地的外籍人士卻相對較少。「因此，我們身為歐洲人更要再加把勁，了解中國的發展動向。」

投資差距亦是問題所在。中國經濟增長一半由出口驅動，內地在全球製造業的佔比於 2021 年持續擴大，為有意進軍中國市場的歐洲企業創造機遇。

他指出：「身為商家，我們應以商業而非政治的角度思考，着眼於價值鏈，辨明優缺利弊，再查找箇中缺口或瓶頸，然後設法解決。」

要進一步發展，中國一些行業（尤其是製造業）就要加強技術應用。但當中涉及一個問題：有看法認為，最佳的技術來自美國。不過正如 Baverez 所言，美國不再是製造大國，所以博世一類歐洲企業的技術實際上能為中國帶來更大助益。

「歐洲在工業軟件方面領先美國。」他又補充，歐洲在服務、加工和資產管理等其他領域亦表現亮眼。

「中國錯在未有意識到歐洲坐擁大量財富和知識，而歐洲則錯在未有向中國銷售有關知識和促進兩地合作。」

歐洲投資者應謹記，中國不但幅員遼闊，而強大的地方政府亦令權力高度分散。舉例說，要投資物聯網，就應進駐大灣區而非北京。

那麼，香港在中歐關係演變的過程中發揮甚麼作用？Baverez 解釋，香港亦處於轉捩點。香港以往充當門戶，為內地引進外資發展工業，如今中國的工業已能自行產生資本。

不過，香港的另一角色是協助內地家庭透過金融市場創造收入，尤其是房地產業的增長似乎已經停滯不前。這既可讓中國人民共享騰訊等本土企業的成果，而國內家庭的豐厚積蓄亦可帶動內地經濟發展。

香港亦宜專注做好區域樞紐的角色，特別是與深圳攜手合作，發揮大灣區兩大中心城市的功能。

因此，縱然香港的角色正在轉變，但只要駐港的外商和企業家願意適應有關變遷，機遇仍會接踵而至。

Baverez 總結道：「對海外人士來說，未來 20 年的光景將與過去 20 年截然不同。但若您願意調整工作期望，香港仍會活力依舊，鋒芒不減。」

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— David Baverez, investor and author

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—— 投資者兼作家 David Baverez

