Report EU Chamber of Commerce in China conference

On Wednesday, October 28th, the EIAS had the honour of hosting the conference of the European Chamber of Commerce in China, under the title *European Business in China in 2026: Navigating a Challenging Economic and Trade Landscape*. The event featured the EU Chamber of Commerce in China President Jens Eskelund, as well as members of the chamber from Beijing, Shanghai, and Chengdu.

The opening remarks from Mr Eskelund laid the foundations for the year-on-year evolution of the business environment for EU companies operating in China, amid rising trade tensions and a few weeks after the visit of Trade Commissioner Marcos Šefčovič to Beijing.
The assessment of the year-on-year evolution highlighted the alignment of EU positions regarding the main critical issues characterising the trade imbalance the EU faces against China, especially as Germany starts to align more consistently with other European positions. According to Mr Eskelund, this evolution represents genuine progress, as a common European position provides a sound basis for engaging with China as both a partner and a strategic rival. However, it was highlighted that while Europe is seeking to address the trade imbalance as a whole, the discussions held in Beijing focused on specific sectors of the trade relationship. While this is important for the sectors concerned, it risks overlooking the broader trade relationship and did not result in sufficiently detailed commitments. The following months may prove impactful depending on the implementation of the agreements.
Overall, the European perception of the business environment in China still demonstrates reservations: 68% of EU businesses consider that doing business in China is challenging. However, the year-on-year trend demonstrates signs of improvement in business confidence. According to Mr Eskelund, the main worries for EU businesses come from two elements: first, the state of the domestic economy, where low domestic consumption does not allow companies to sell their stock amid rising domestic production; second, competition from deeply integrated and cost-efficient Chinese value chains, which is pushing EU firms to become part of domestic value chains in order to remain competitive and survive. Due to China's domestic overcapacity and export-driven pressure, European corporate strategy has shifted from 'in China for China' to 'in China for the world'.

After the opening remarks, Markus Borchert, representing the European Chamber in Beijing; Carlo d'Andrea, Shanghai Chapter Chair; and Massimo Bagnasco, States' Representative, participated in a panel discussion moderated by Lin Goethals, Director of EIAS, sharing their sector-specific perspectives.
The main takeaways of the discussions are the following:

- In the ICT sector, European furbishers' share dropped dramatically in 5G installations, now representing around 3% of the total, down from 30% of 4G installations. The main reason is that non-Chinese companies in this sector are considered at risk, ICT being a highly sensitive sector in terms of national security. It was highlighted that such a preference for domestic actors on national security grounds was understandable, and that the EU could, and perhaps should, take a page from the "China playbook" in this instance, adapting it to the European context in order to strengthen its industrial security.

- In the legal sector, European legal firms are not allowed to operate in China for European companies, but can provide a form of guidance prior to a firm's installation in China. It was stressed that, given the limited scope of action available to EU legal firms in China, European companies need to undertake particularly thorough preparation before entering the Chinese market, including decisions on how to enter, which sector to target and in which province to establish themselves, as regional conditions can vary significantly. For instance, the innovation environment of Shanghai is fierce, companies continuously investing in R&D while extracting no profit whatsoever from their activity in the city. The Chinese government's support policies allow these companies to keep existing, making it harder for European companies to find a spot in this congested environment.
- In the green tech sector, future EU legislation and related enforcement have yet to show their consequences. Massimo Bagnasco stressed the potentiality of cooperation in this area, with China benefitting from a global leader position in green tech manufacturing, built from - here again - its deeply integrated supply chain. However, if cooperation is possible, the common ground on which to build it is still to be uncovered.

The key message that emerged from the discussion is that the EU needs to enhance its self-reliance to ensure its economic and industrial security, which China has done for a long time now. Targeting specific critical sectors instead of adopting a holistic approach can facilitate self-reliance policies and be understood more easily by China. Defining the long-term goals and critical sectors to target is the prerequisite to implementing the needed instruments.

Report by Junior Researcher Paulus Cremers