



The confusing age





To a Chinese audience

“Amid profound changes domestically and internationally, SOEs need to undertake a supportive role driving scientific and technological innovation, ensuring industrial control and security.”

Li Qiang, Harbin, November 2023.



To a Western audience

“We should advance international exchanges and cooperation on science and technology with a more open mindset and more open measures, work together for an open, just and nondiscriminatory environment.”

Li Qiang, WEF, Davos, January 2024.

The new normal.

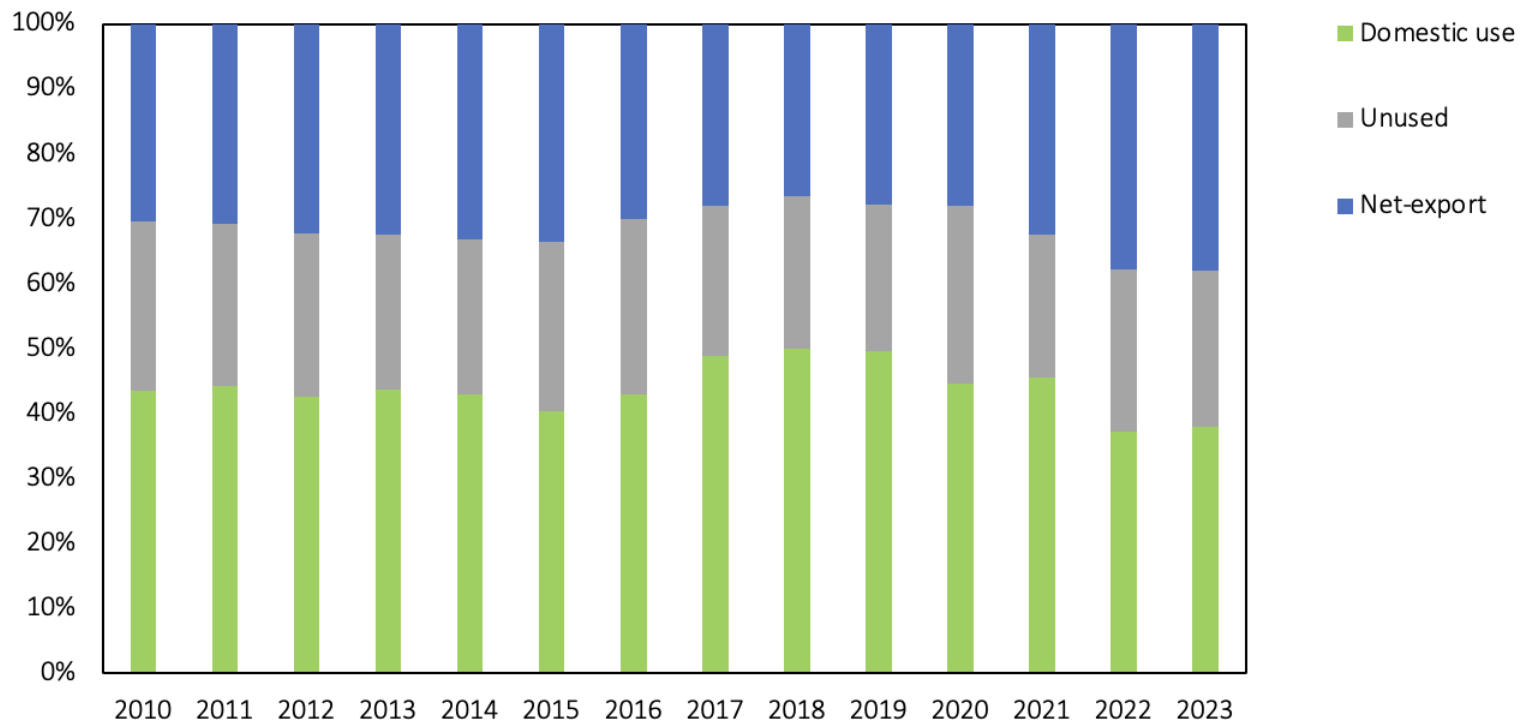


Chart . Estimated utilization of China's manufacturing production capacity (%). Sources: China Department of Statistics, UNCTAD Stats.

“We will improve the coordination mechanism for industries to be relocated to the home market in a progressive and structured way. We will develop China’s strategic hinterland and ensure fallback plans for key industries. We will accelerate and improve the system for national reserves. We will refine planning and linkage between exploration, production, storage, and trade in strategic mineral resources... We will move faster to build industrial and supply chains that are self-supporting.”

中共中央关于进一步全面深化改革 推进中国式现代化的决定, Decision of the CPC Central Committee on further deepening reform in an all-round way and promoting Chinese-style modernization, July 2024

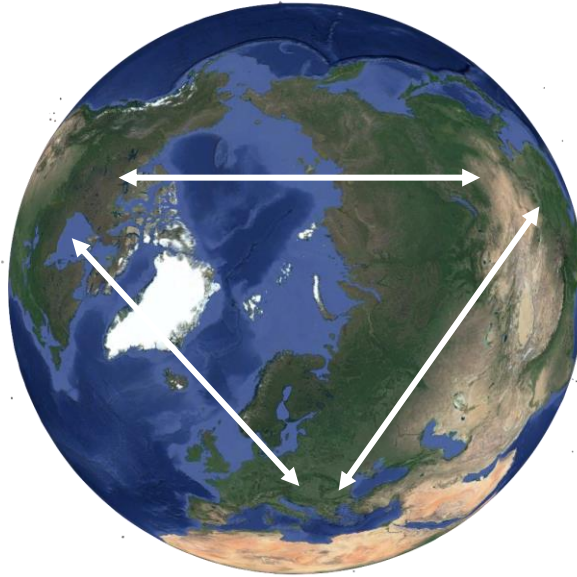
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USA: short term: pull for imports, push for energy exports; long term:

- . Young labour force
- . innovation
- . reindustrialization
- . economic nationalism



CHINA: short term push for exports of manufactured goods, pull for energy imports; long term:

- . Demography, TFP
- . unsustainable investment
- . consumer confidence
- . US pullout

EU: short term: general pull for imports; long term:

- . Demography, TFP
- . stalled energy transition
- . the German factor
- . nationalism

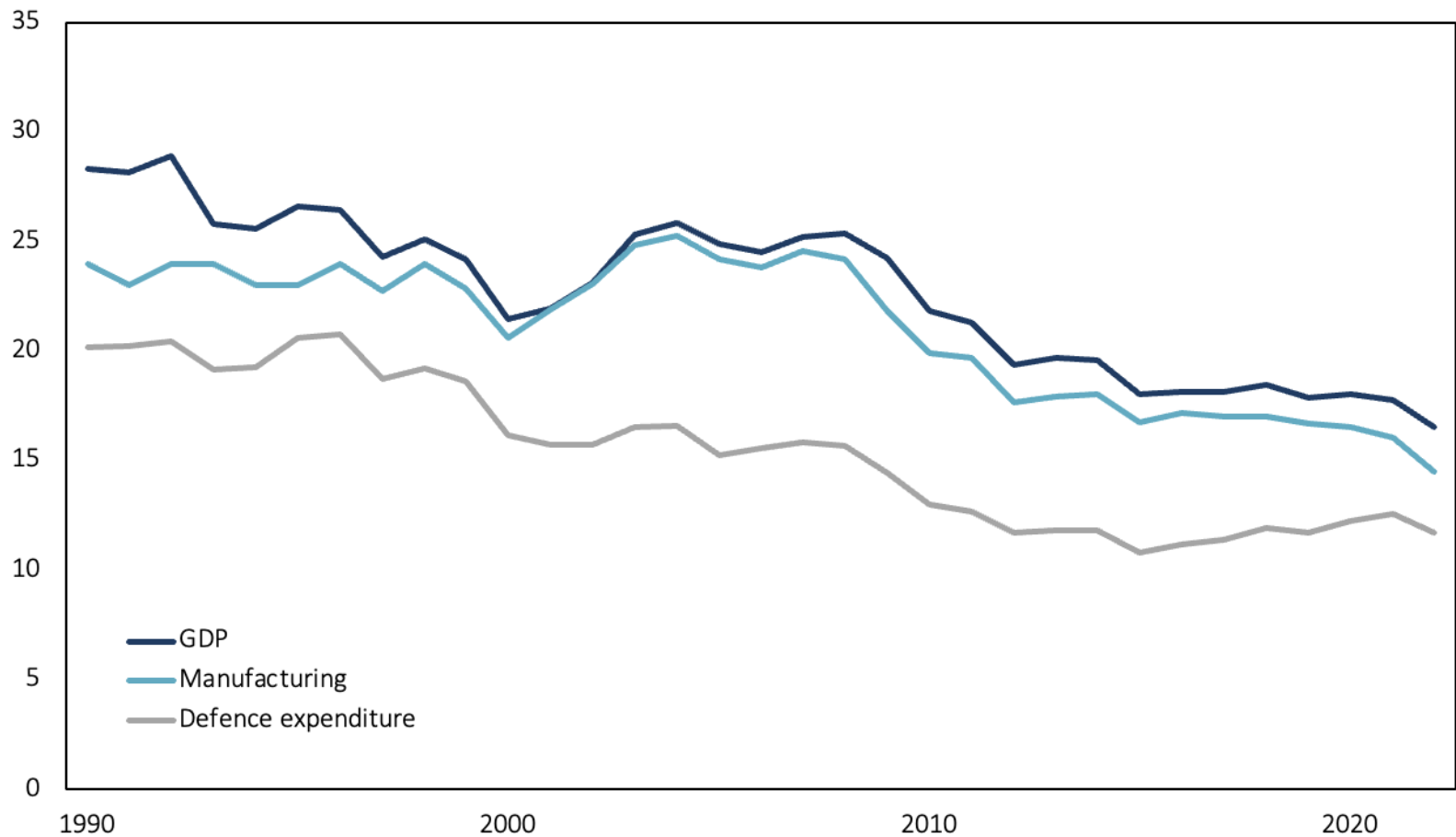


Chart. The EU's share in global GDP, manufacturing, defence spending (%). *Source:* WDI.

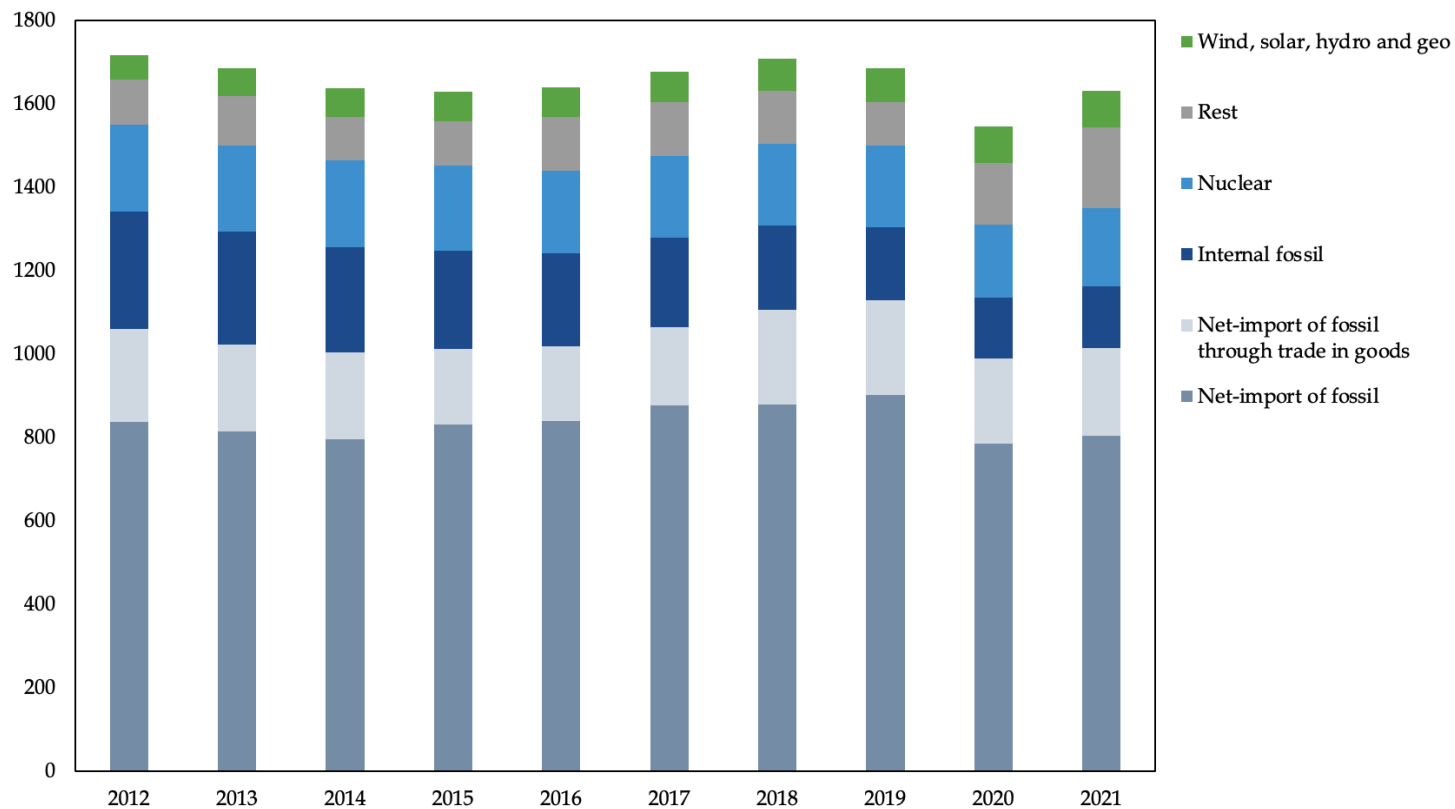


Chart . EU28 consumption of energy (MTOE). Source: Eurostat and Our World in Data for the estimation of net-import of fossils through trade in goods.

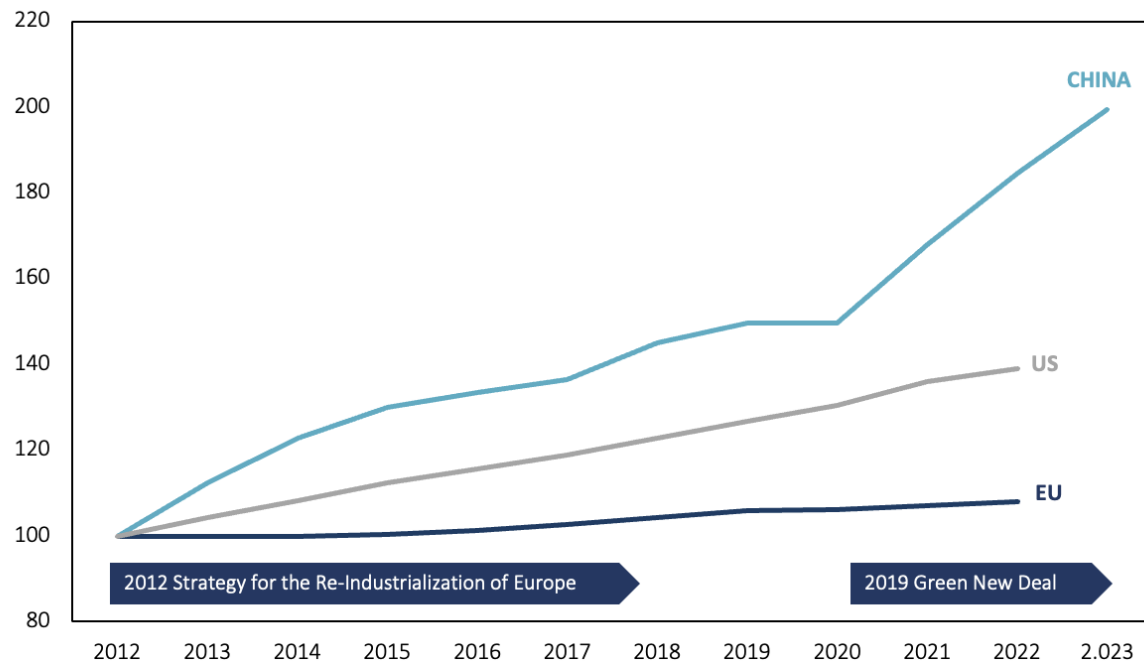
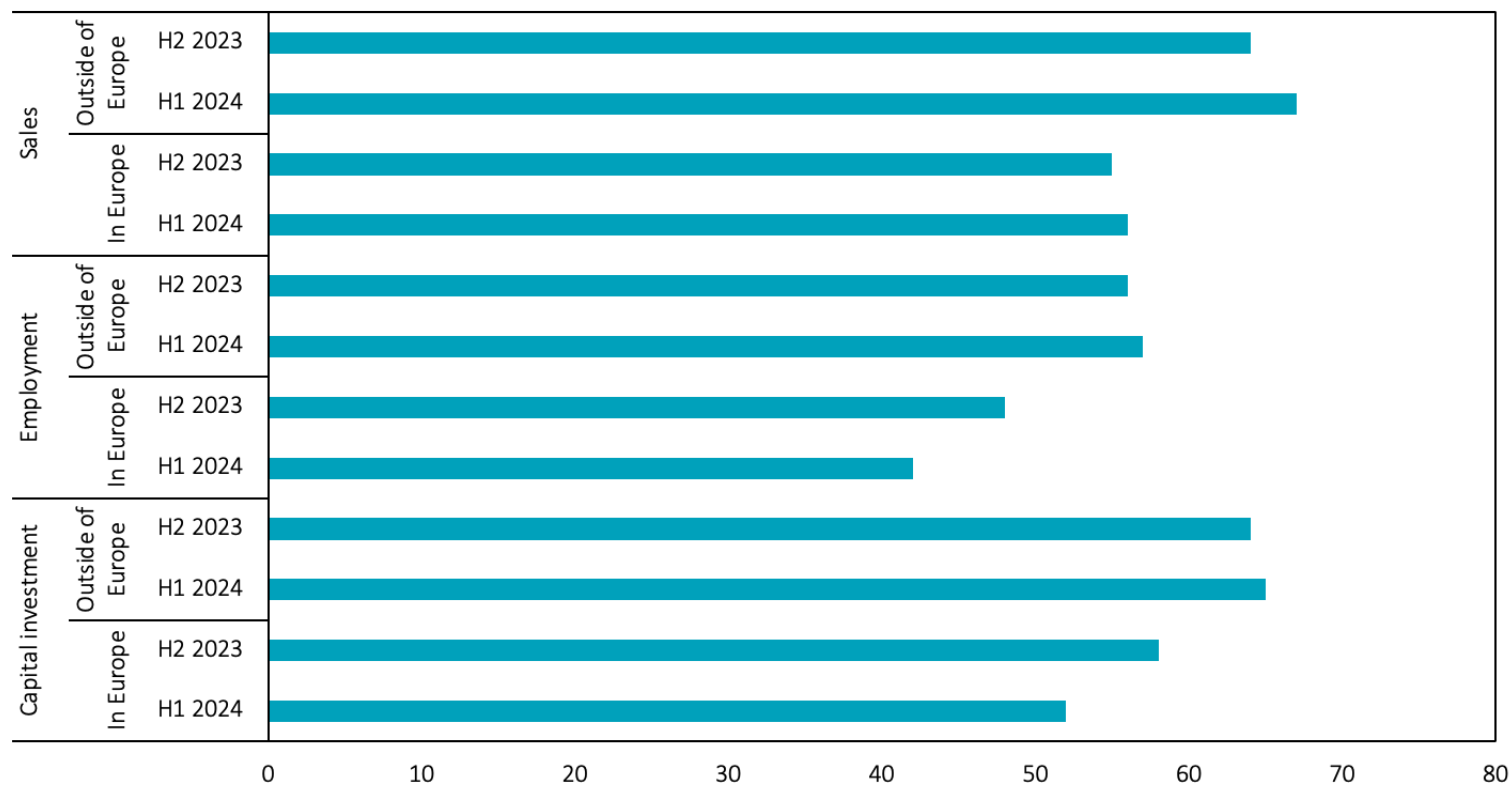


Chart. Investment in manufacturing (growth %). *Source:* Eurostat, BEA, China Department of Statistics. *Note:* Concerns net chain linked fixed assets. Data for the EU is limited to Belgium, Czech Republic, Germany, France, Italy, Malta, the Netherlands, Slovenia, Slovakia, Finland, as only those countries already have them already for 2021.



EU investor confidence. Sentix.



Over the next six months, what do you expect will happen with your company's (%). Source: Conference Board.

Lagging policy support and rising cost pressures put investment plans for low-emissions hydrogen at risk

**Hoge energieprijzen
nekken Antwerps project
voor hergebruik CO₂**

**Duurzame belegger kampt met
tegenwind: de rendementen kwakkelen**



ing van Power to Methanol was om van waterstof en afgevangen CO₂ groene brandstof te maken.
/an Vooren

EEL

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**industriële consortium Power to Methanol schrapt zijn plan om in
werpse haven brandstof te maken van groene waterstof en
afgevangen CO₂. Het project is 'financieel onhaalbaar'.**

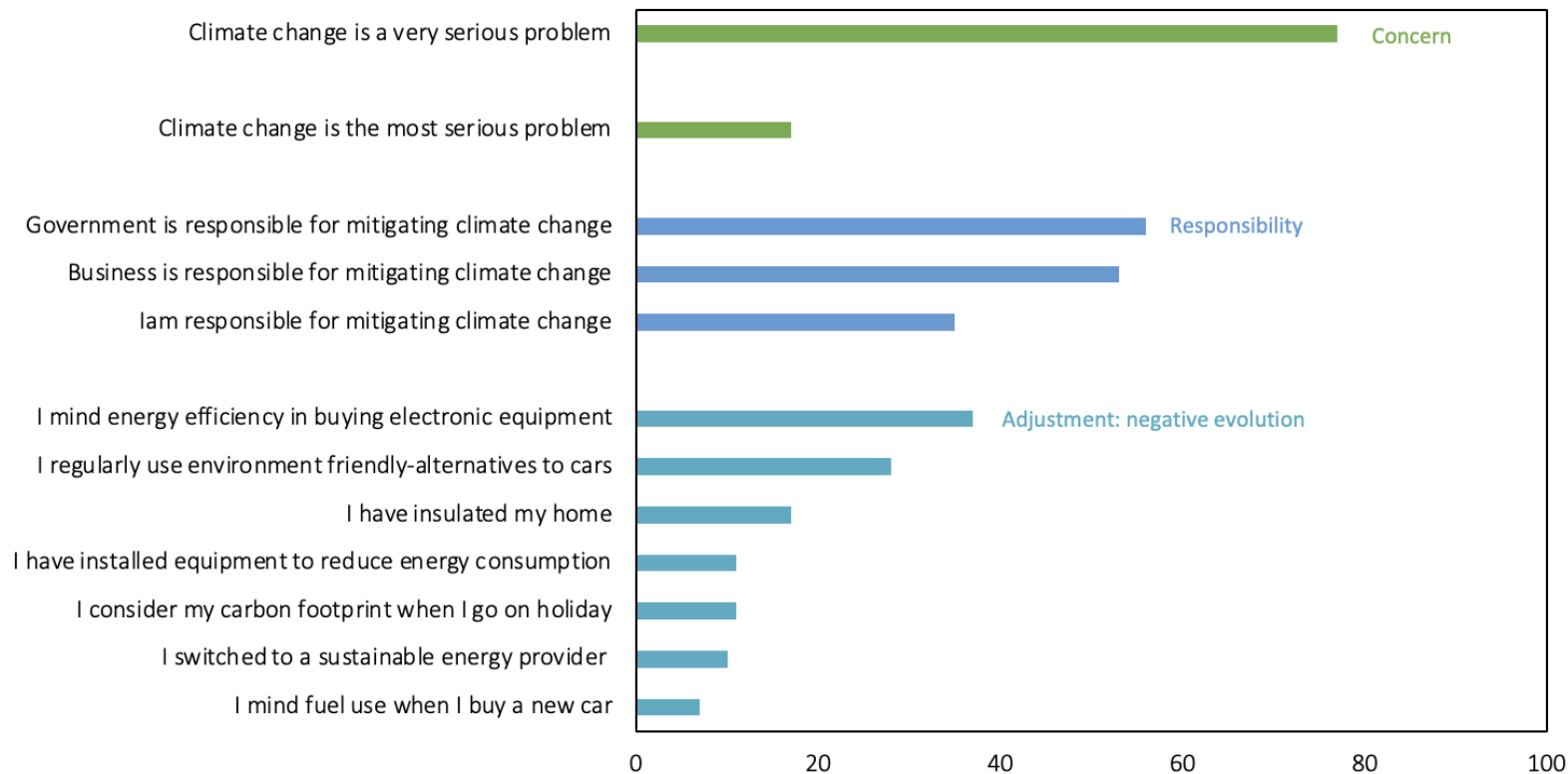
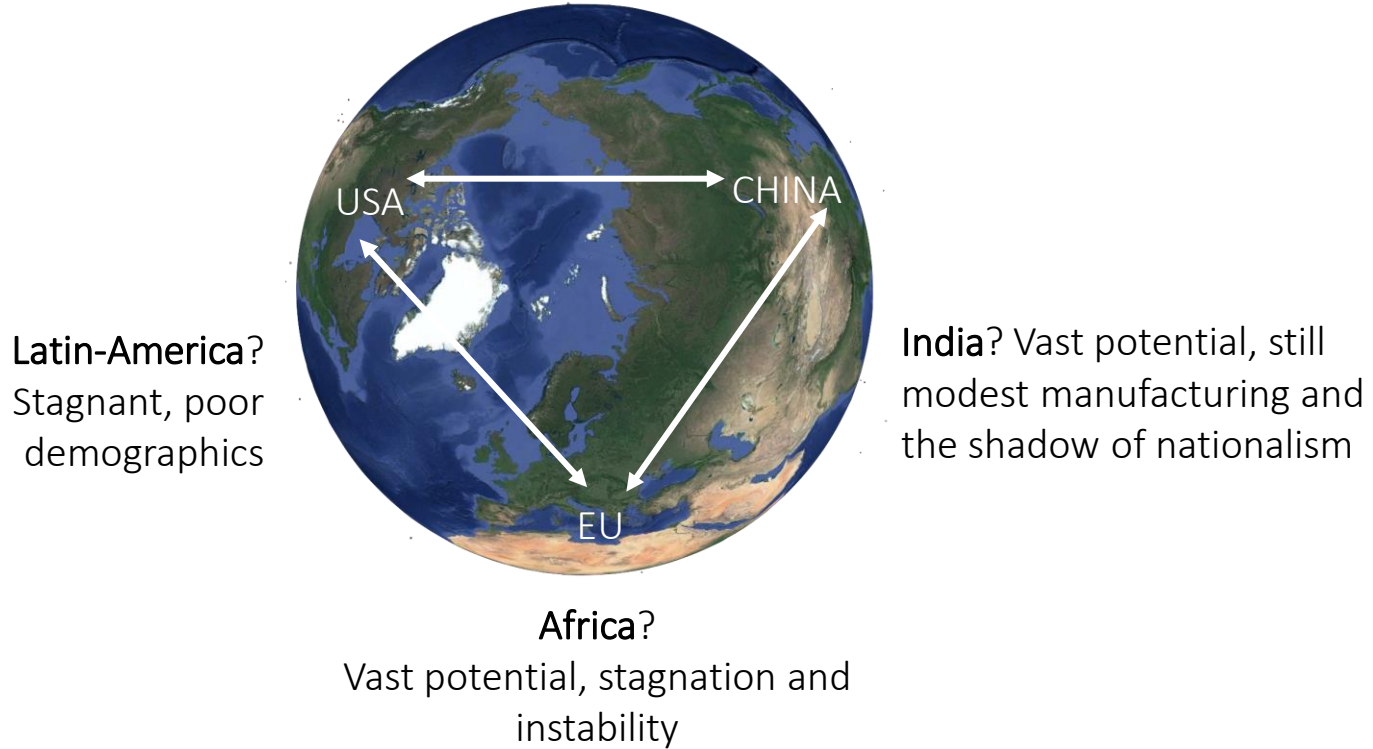


Chart . Climate change attitudes of European citizens (%). Source : Eurobarometer 538, June 2023.



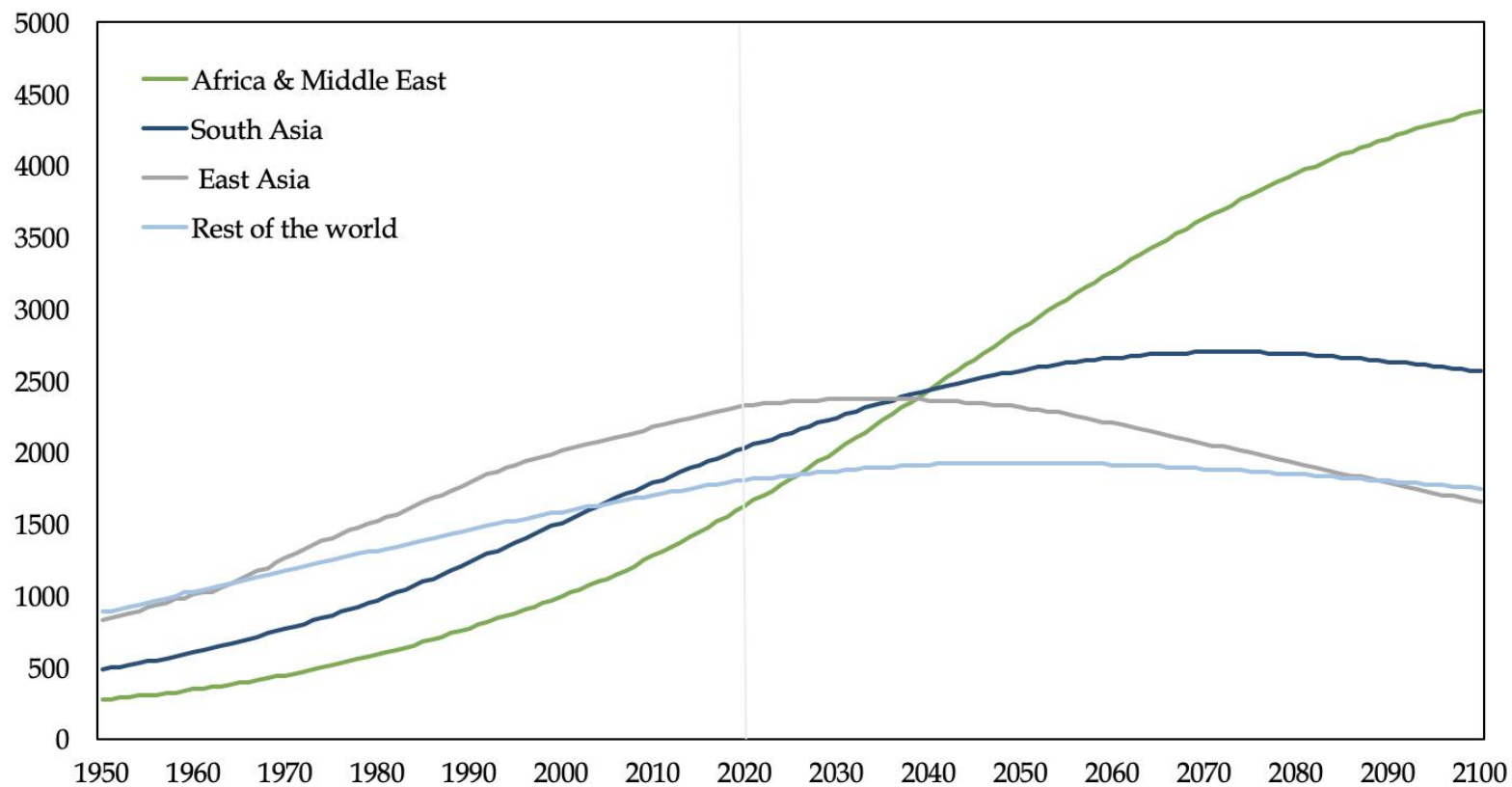


Chart. Population growth and projections (million). Source: United Nations Population Division. Note: Medium fertility estimations for post-2022.

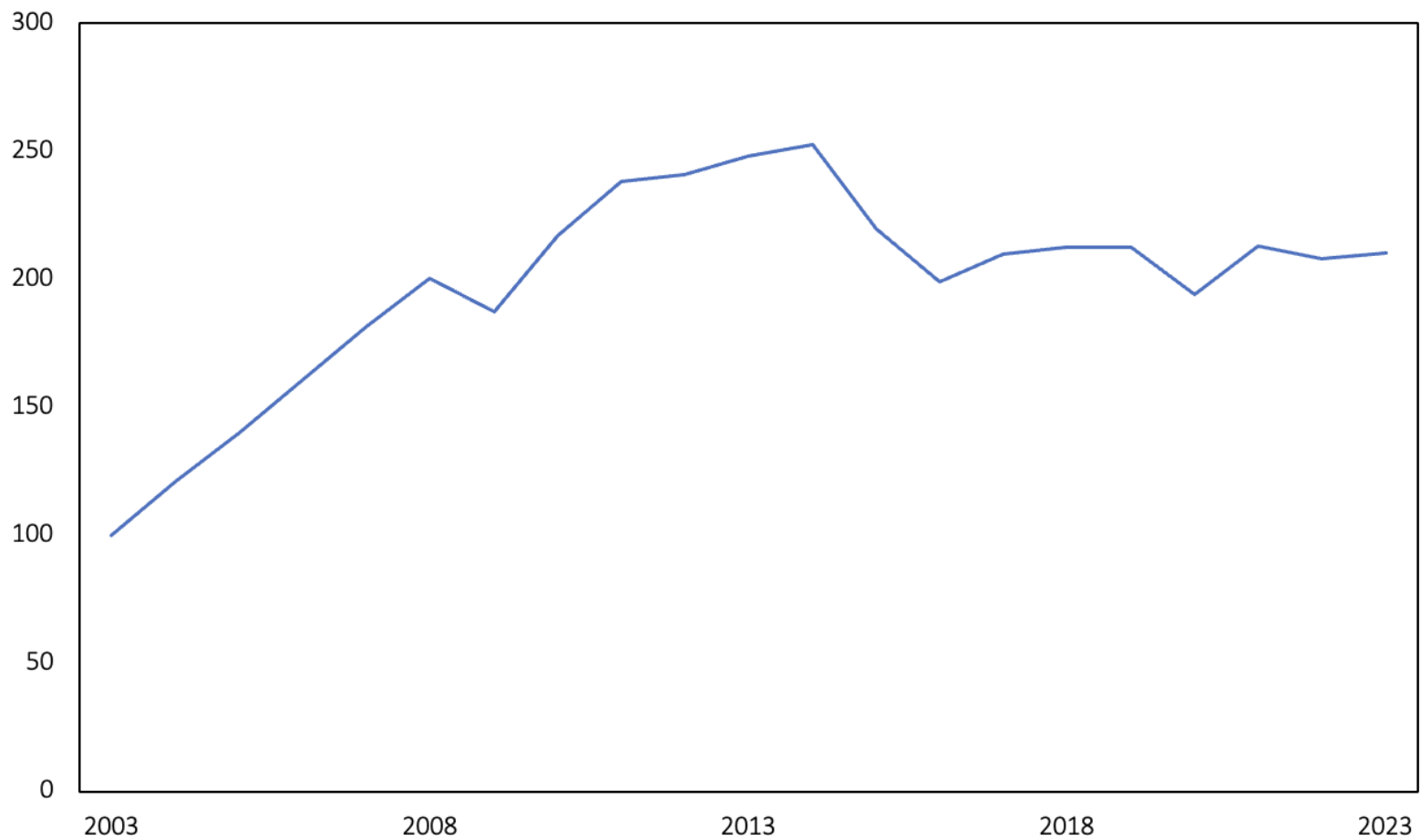


Chart. GDP per capita growth in Sub-Saharan Africa (%). *Source:* WDI.

Expedient & globalist

Regulatory relaxation, lax trade policy, less environmental ambition.

The plus: Cheap imports, pro-trade, pro-consumption, smoothens diplomatic relations.

The minus: Impedes industrial renewal, does not offset energy price advantage of competitors, strategic vulnerability.

Even more pain in the long run

Green & realist

More CBAM, elevating the playing field, more regulatory initiatives.

The plus: Harnessing the internal market, stimulating investment and innovation, strategic resilience.

The minus: Slows external trade, diplomatic friction, inflation, supply chain adjustment.

Pain in the short term