



BRITISH
CHAMBER OF
COMMERCE
IN CHINA

中国英国商会

BRITCHAM CHINA DOORKNOCK

20

23

OVERVIEW

In 2019, we conducted our successful inaugural doorknock in London. Building on that milestone, after an extended pause during the pandemic, this year we proudly took an eleven person delegation to the UK. Chaired by new British Chamber of Commerce in China Chair Julian Fisher, and organised by Managing Director Rachel Tsang, it featured delegates from BritCham China, Southwest, and Guangdong, representing a diverse and unified voice of British business in China.

As the authoritative independent voice of UK business in China, the British Chamber engaged with the UK government and various stakeholders within the UK-China business ecosystem. There were three main objectives for the doorknock::

1. Address the challenges and opportunities in our recently-released British Business in China: Position Paper 2023, while providing data-led insights from our on-the-ground perspective in China.
2. To re-engage with key UK government stakeholders; particularly significant following a three-year period marked by a lack of face-to-face communication.
3. To gather insights that can be shared with the members of the chambers across China to better inform their decision making and engagement with HQ.

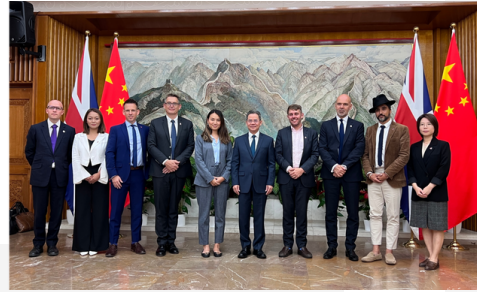
This document, accompanied by some in person and online sessions, will help us to realise the third of these commitments. All constructive feedback is welcomed.

BritCham delegation

Rachel Tsang; Julian Fisher; Julian MacCormac; Chris Torrens; Chris Dicks;
Daisy Shen; St. John Moore;
Southwest representatives: Mavis Yang, Kam Panesar;
Guangdong representatives: Chris Chen, Mark Clayton



MEETING SUMMARIES



DAY 1

Minister for Investment Lord Dominic Johnson;
The Chinese Ambassador to the UK H.E. Zheng Zeguang

DAY 2

China-Britain Business Council;
British Chambers of Commerce;
China Strategic Risks Institute;
FCDO Indo-Pacific Director-General Jenny Bates



DAY 3

Chinese Chamber of Commerce in the UK and business delegation
Department for Business and Trade China Policy Team

DAY 4 & 5

Incoming HM Trade Commissioner Lewis Neal; Great-Britain China Centre, Institute of Directors China Group; FCDO China Policy and Economic Security Teams



KEY MESSAGES



ENGAGEMENT AT ALL LEVELS

We emphasised the crucial need for engagement between the two nations in order to rebuild confidence and restore trust. Ministerial visits would greatly contribute to reassuring British businesses in China; as would the resumption of key dialogues such as JETCO and EFD would also stabilise engagement.



CONSISTENT CONCERNS

Maintaining consistency in messaging from both the UK and China sides would greatly contribute to building confidence among businesses. The Chambers Position Paper provides 171 concrete recommendations that can guide G2G engagement.



ONGOING CHANGES

It is important to recognise where China has made important developments in the past decade, such as trademark protection; where there are green shoots, such as increasing discussion around sustainability and green technology; and where there are still areas of uncertainty and regulatory changes, such as data protection.



MAINTAINING GLOBAL COMPETITIVENESS

While it is important to fight for a level playing field for all business in China (British, international and local), it is important that we acknowledge that doing business in China is extremely challenging. For the UK to compete internationally, this means competing in challenging markets such as China.





ECONOMIC HEADWINDS

The Chinese pandemic rebound has not happened as everyone hoped, there is a persistently high youth unemployment rate, and many of our members report challenges to their operations as both consumers and clients report a “wait and see” approach. In addition, many companies, cognisant of putting all their eggs in one basket, continue to diversify their supply chains and global markets.



GEOPOLITICAL ENTANGLEMENT

The ongoing war in the Ukraine, and persistent concerns around “decoupling”, shifting power balances, and potential conflict elsewhere, have created an incredibly complex, constantly shifting, and morally perilous environment for British business.



OPPORTUNITIES FOR UK-CHINA COLLABORATIONS

The two-way trade between China and the UK continues to grow (albeit at an increasing pace for Chinese exports relative to British exports). China continues to have a huge market potential because of its large population and growing middle-class. The Chinese government has placed significant emphasis on green development, low carbon initiatives, and the digital economy, and our message of “conditional optimism” from the Position Paper emphasised the need to see real involvement from British business in these areas.



AN IMPORTANT WINDOW

The next year offers a favourable opportunity for an improved relationship before the UK and US elections, which will likely take place towards the end of 2024. Additionally, there appears to be increased goodwill on both sides to improve engagement.

CHAIR'S REFLECTION



This doorknock built extremely positively on our 2019 visit and will now allow for an annual trip, likely every year in the last week of June, to return to the UK with a diverse delegation who can best represent the voice of British business in China.

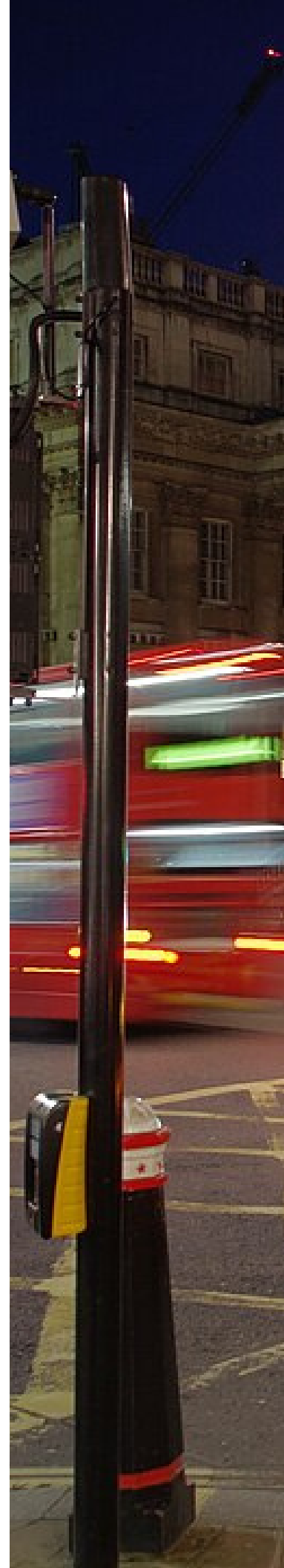
In terms of my personal reflections from the trip, they are four key words:

Nuance

Beyond the headlines in the press, or the most militant China critics (or supporters), it was a welcome surprise to engage in deeply nuanced conversations with government and other organisations about China, perhaps echoing the impact of the UK Foreign Secretary James Cleverly's recent Mansion House speech: "I'm often asked to express that [China] policy in a single phrase, or to sum up China itself in one word, whether 'threat', or 'partner', or 'adversary'. And I want to start by explaining why that is impossible, impractical and - most importantly - unwise."

Intention

Our visit in 2019 found a UK government that was aware of China's growth but largely uncertain what their strategy should be. This trip, they seemed significantly more informed and clear that engagement for engagement's sake is not a viable strategy. The rose-tinted glasses of the past, are off. This is not a problem. Both sides having more clarity about what they want, where the redlines are, and the differences in each other's cultures and governance, will improve collaboration.





Uncertainty

2022, was extremely challenging for British business in China. Our November 2022 Sentiment Survey showed pessimism about the future increased from 9% to 42% among British businesses year on year; a dramatic and worrying increase. It is important to note, however, that this was not only about covid. Entire sectors, such as property, education, online services, entertainment, and due diligence have been rocked by wave after wave of regulations and punishments. The feeling among most in the UK is that reform and opening up, and by proxy, the business environment for foreign business, has never been more uncertain. The flurry of local government delegations to the UK over the past six months, looking to encourage UK investment with China, has conflicted with what many from outside China see as an increasingly hostile business environment. These inconsistencies mirror the assessments from British businesses in China in the latest position paper. Messaging from Chinese representatives that the UK is also uncertain, or that uncertainty is the only constant, do not make uncertainty in the Chinese business environment desirable, appropriate or inevitable. All businesses crave certainty.

Positivity

All of us who have been engaged with the UK-China relationship will know that there have been constant ups and downs. And, particularly from the UK side, for many years there has also been a lack of understanding that has led to uninformed and often inconsistent decision making. It feels like we are nearing an inflection point. Almost everyone we spoke to in the UK is deeply aware of the important role that China plays in the world, cognisant of the opportunities for British business, and, increasingly, aware that this means nuanced discussion, clear intentions, and a bilateral desire to provide certainty for business. If both sides can communicate on these terms, the business environment will be better for us all.



CONCERNS AND CHALLENGES

The ongoing war in Ukraine

The upcoming UK and US elections

Individual incidents being blown out of proportion

“Security concerns” becoming a catch-all term

That anti-China voices have silenced more moderate messages

That China is becoming increasingly mercantile in its approach

Differences between trade, knowledge transfer, aid and partnership

British businesses in China cannot articulate their own redlines

Keeping effective communication channels open during times of challenge

The UK has a real knowledge deficit when it comes to understanding China



OPTIMISM AND OPPORTUNITIES

- Green finance & development, hydrogen, EV/ battery charging
- Providing jobs and training for young people in China and the UK
- Financial and professional services
- An end to hostilities in Ukraine
- Food, fashion and cosmetics
- Healthcare and life sciences
- The UK's plan to increase China capabilities in civil service
- City planning, built environment and urban regeneration
- Students, and tourists, going both ways
- CIIE, CIFTIS; Hainan Trade Port, GBA
- Engagement with local government mayors & officials
- UK brands; from sports to stars, museums to pop

SUPPORTING MEMBERS

01

Represented membership from across China - promoting a truly national voice for advocacy, policy and influence

02

Raised key recommendations and challenges from our British business in China: Position Paper 2023

03

Highlighted the implications of proposed enacting of the Individual Income Tax law on British national numbers, and growth of British business, in China

04

Facilitated and encouraged visits from the FCDO and Department for International Trade to China in the coming months. We are hopeful in expecting a visit from Foreign Secretary James Cleverly this year.

05

Emphasised the significant achievements of British business in China, the teams that work for them, and the positive impact they make

06

Stressed the importance of UK government representatives visiting, engaging with, and promoting British business on visits to China

07

Discussed potential projects in the future to support UK-China trade, particularly with the Chinese Chamber of Commerce UK & IOD China Group

08

Fully established an annual initiative that will grow from strength to strength; using the chamber to influence issues that matter to our member companies

09

Sharing, through this document, in person meetings (both public and private), and online sessions, insight on UK thinking that can support members





KEY TAKEAWAYS FROM THE DELEGATION

“

The (British) Chamber is an important bridge, we (the Chinese Embassy) pay a lot of attention to your reports and opinions.

China will continue to be the most stable and certain country in the world, presenting an opportunity to work (with the UK and the rest of the world) together.

”

“

The reality is (in order) for the UK to remain globally competitive, it needs to trade with challenging market like China.

“

Foreign Secretary's speech is measured and strategic but delivery is key. The need for starting engagement is needed but it is more important to maintain the engagement.

Businesses have long and enduring history witnessing the changes in the past; while we are caught up in the now – length of relationship should be recognised as well (in relation to UK businesses in China).

”

2024 DOORKNOCK

We are already making plans for 2024, if you are interested in being engaged, either as an individual or as a company, the following is a list of ways to engage:

01

Being on the delegation

If you are a member of a British chamber in China, engaged in the British Chamber's advocacy work (through roundtables, surveys, or other means), able to speak on behalf of the British business in China through the data in the Sentiment Survey and Position Paper, are knowledgeable on a sector, region or business function, and able to give a week of your time in late June, please send an email to put your name on the shortlist; attendance is not guaranteed. All delegates must pay their own way for every part of the trip.

02

Regional visits

There are 53 British Chambers in the UK; many of which have international managers who support their members to export overseas. If you are interested in visiting these chambers, to present the position and talk about doing business in China, we would like to expand our reach and build relationships.

03

HQ/ Company Visit

This year we visited the headquarters of member company Diageo to understand more about their strategy and growth in China. Next year we would like to visit more member HQs around the UK.

04

Expertise Sharing

The British chambers of commerce in China are independent non-profits who support British businesses in China. We are not a trade promotion organisation. That said, there is considerable demand from UK businesses, governmental departments, and other UK trade organisations to understand from experts on the ground in China how to enter and grow in the market. There may be an opportunity in 2024 for a one-day "warts and all" doing business in China forum. This will not be a series of sales promotions, but we have no doubt that it could provide an opportunity for business development for companies providing market entry, legal, & accounting services; and other forms of consultancy.

Contact us

If you've read this report and you have any feedback, we would love to hear from you. The doorknock needs to be as valuable as possible for all members.

advocacy@britishchamber.cn