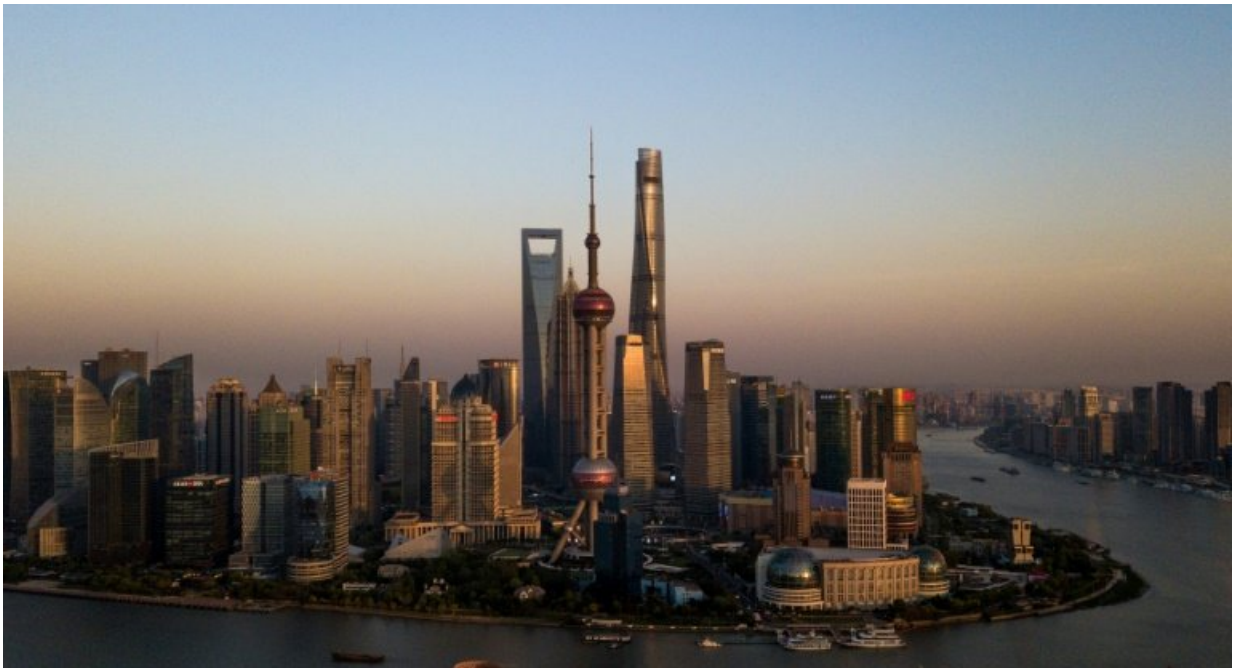


# European firms say China business 'more difficult'

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European businesses say it has become harder to do business in China over the past year

European companies complain they still face a tough business climate in China despite Beijing's pledges of openness, with about half saying it has become tougher in the past year, according to a survey released Wednesday.

The study comes as President Xi Jinping looks to portray the world's number two as being at the forefront of the globalisation cause just as the United States appears to be stepping back from the world stage.

Among the litany of complaints were the uncertain legal environment, higher cost of labour, regulatory headaches and the "Great Firewall" that censors much of the [global internet](#).

"As its economy matures, the longstanding inefficiencies in China's [business](#) environment are rendered all the more glaring," according to the report by the European Union Chamber of Commerce in China.

Mats Harborn, the chamber's president, echoed those concerns, telling journalists that "the regulatory environment is actually holding the economy back."

New cybersecurity regulations make it more costly to jump the firewall, requiring businesses to sign up for expensive government-approved [virtual private networks](#) that allow users to circumvent filters and access the global internet.

Two-thirds of companies believe that censorship and blocking of certain sites has a negative impact on their business.

This is the "great contradiction," said Harborn.

"We have China which claims itself a leader in globalisation, talking of the importance of integration, but the cybersecurity law is creating problems."

The survey found 48 percent of European firms felt it had become "more difficult" to do business in the past 12 months.

And a fifth say they have been victims of forced technology transfers, a practice denounced fiercely by Washington as it carries out a probe on the issue while threatening tariffs in retaliation.

And there is little optimism for the future as nearly half of European businesses believe barriers to business will harden in the coming five years, while a quarter believe they will never witness a "significant opening" of the market.

But progress was reported in some areas.

Some 61 percent of the 532 European companies polled by the chamber said they are "optimistic" about the growth of their sector in the country, compared with 55 percent the previous year.

Just over half of surveyed companies, 51 percent, consider that they are treated "unfavourably" compared to their local competitors, compared to 54 percent last year.

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