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News Events Partnerships



# 2021 Report On The Development Of Chinese Enterprises In The UK

John McLean OBE, Senior Advisor, China Chamber of Commerce in the UK

Wednesday, 19 January 2022, 11:00 GMT



## A Word From Today's Chairman

**Professor Michael Mainelli**  
Executive Chairman  
Z/Yen Group



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# Today's Agenda

- 11:00 – 11:05 Chairman's Introduction
- 11:05 – 11:25 Keynote Presentation – John McLean OBE
- 11:25 – 11:45 Question & Answer





## Today's Speaker

**John McLean OBE**

Senior Advisor

China Chamber of Commerce  
in the UK



# 2021

## Report on the Development of Chinese Enterprises in the UK

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January 2022





英国中国商会  
China Chamber of Commerce in the UK



促进中英经贸合作 20 年  
ECONOMIC AND TRADE COOPERATION FOR 20 YEARS

# CCCUK Introduction



China Chamber of Commerce in the UK (CCCUK) was founded in 2001



Chinese companies have been operating in the UK over 90 years



Corporate members in total: 270



Chinese companies in the UK employ at least 75, 000 people



Chinese companies registered with Company House: over 15,000  
(Companies with more than 50% equity are invested or state-owned by China)

# Industry Coverage

Chinese companies operate in a **wide range of sectors** including industrials, financials, consumer, technology, energy, real estate, telecommunication, and general trade

 Which industry does your UK company mainly operate in?



▲ Source: survey question 3



# Geographical Coverage

- Chinese enterprises have **strong regional presence** across the UK
- **London** continues to be the base for the vast majority of companies surveyed.
- The **West Midlands** is the fastest growing region for Chinese companies in the UK.





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## CCCUK's Purpose in the UK

### 1 Promoting China-UK economic and trade relations



- Holding “The Icebreakers” Chinese New Year Dinner and other events to encourage collaboration with the local business communities

- Organising China-UK Economic and Trade Forums to develop bilateral trade for four consecutive years





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## CCCUK's Purpose in the UK

### 2 Representing Chinese enterprises in the UK

Hosting China - UK Investment Roundtables to discuss challenges faced by Chinese enterprises

Establishing a channel for discussion with the UK government to promote trade

Publishing an Annual Report and surveys on the Development of Chinese Enterprises in the UK



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## CCCUK's Purpose in the UK

### 3 Building a diversified promotional platform

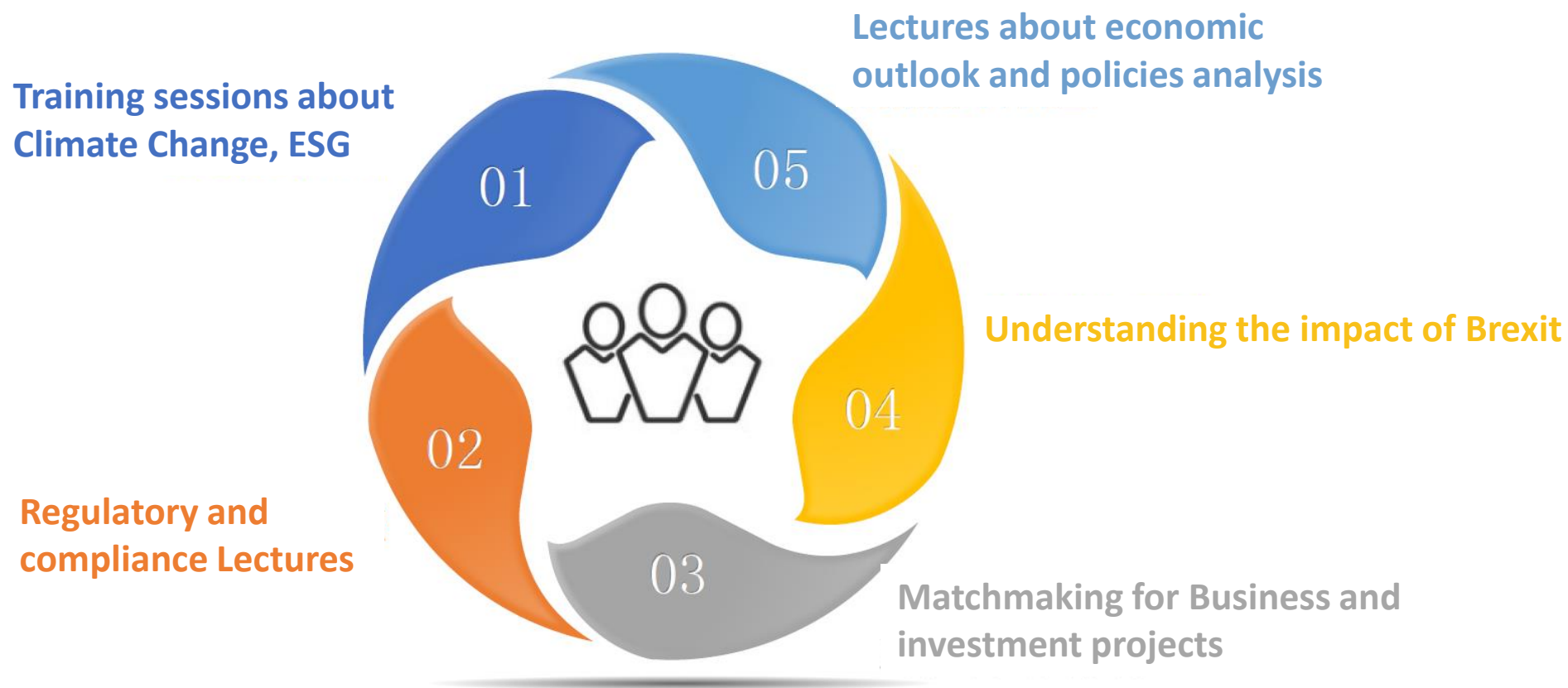






## CCCUK's Purpose in the UK

### 4 Providing members with a greater understanding of the UK business environment



## 2021 report: Overview

**Chinese businesses  
are facing the  
continued impact of:**

- Covid-19
- Brexit
- Escalating geopolitical headwinds

**But they still  
demonstrated:**

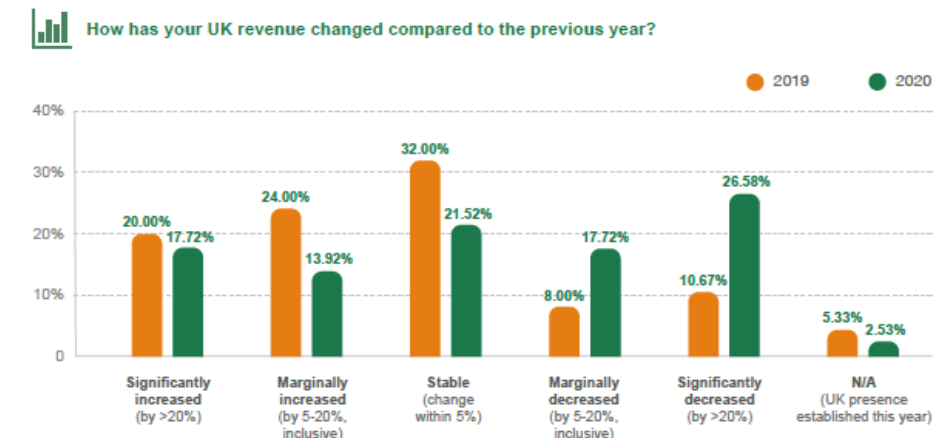
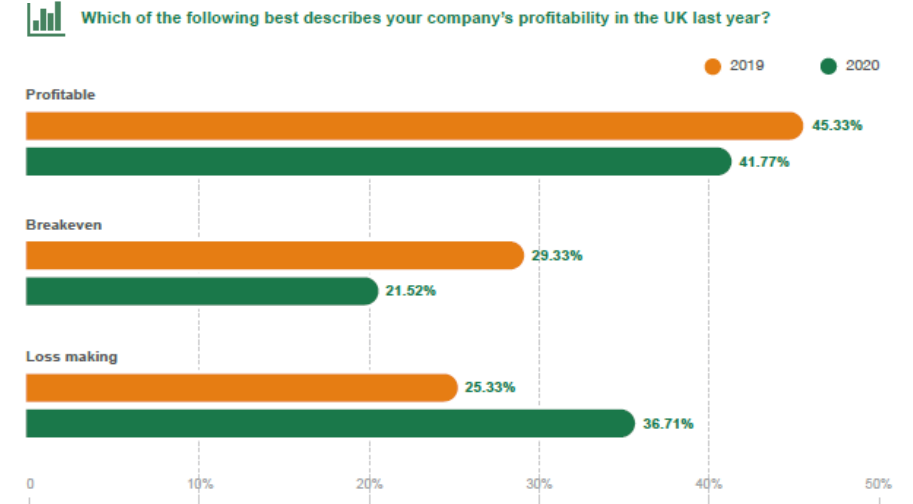
- Resilience
- Confidence
- Commitment

# 2021 report: Economic Resilience

**53%** managing to stabilise or grow their revenue

**63%** reporting stable or improved profitability

**22%** reporting higher profitability in the UK compared with their global performance



## 2021 report: Confidence



This cautious optimism seems warranted due to the **high vaccination rate** and **UK's continued progress in negotiating a new post-Brexit relationship**.



## 2021 report: Chinese Contribution

### Trade

- In Q2 2021, China remained as the **UK's biggest import market**, accounting for 13% of the UK's total imports in August 2021
- China was also the UK's **third largest trading partner** in the four quarters to Q2 2021, accounting for 7.6% of total UK trade

### Investment

- **62%** of respondents stated that 100% of their profits were **reinvested in the UK**, up on 51% last year
- The number of Chinese investments in the UK during H1 2021 **reached pre-Covid-19 levels**, with a 44% increase year-on-year

### Job Creation

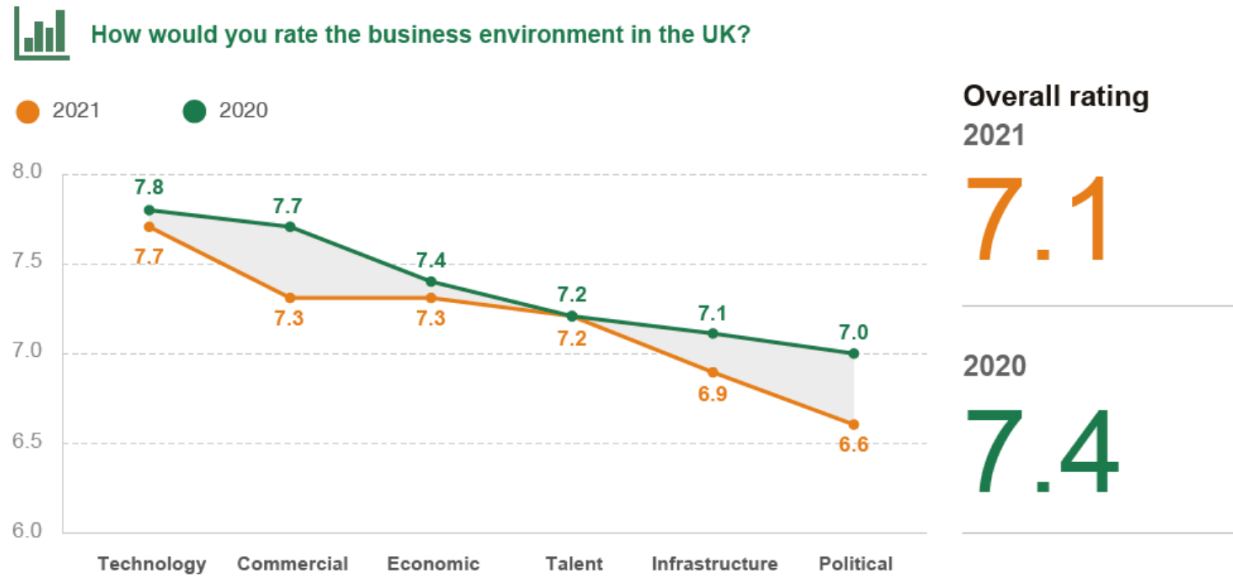
- The top 838 Chinese companies in the UK have employed **over 75,000** employees
- **47%** of the surveyed entities planned to **increase recruitment or hiring** over the next two years.
- **61%** of the entities indicated that their preferred method of recruitment was **hiring locally**

### UK's Economic Recovery

- China is the only major economy to see its global trade and economy grow last year
- Trade and investment with China will be a **key element** of the UK's economic recovery from the challenges of 2020-2021

# 2021 report: Overall Assessment of the UK's Business Environment

Chinese businesses' views on the current state of the UK's business environment have slipped, but the overall sentiment remains cautiously optimistic.

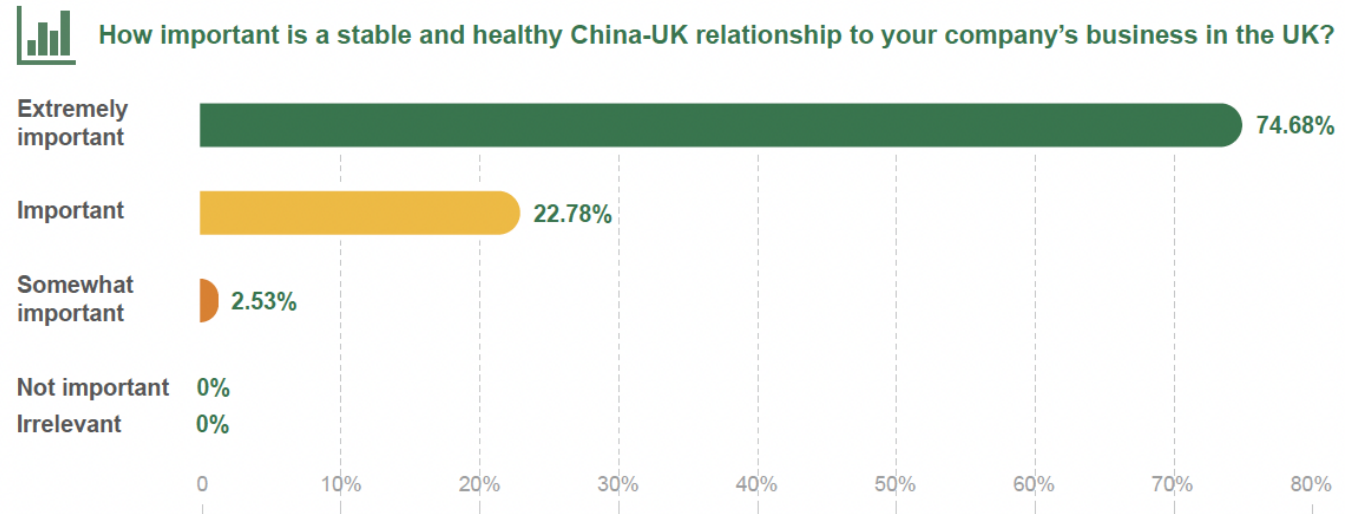


▲ Source: annual survey question 39 (2021) and 43 (2020)

- Almost **94%** of the entities surveyed said that the UK market remains very important to their global operations.
  - **18%** companies seeing the UK as one of their top three markets
  - **14%** companies claiming that the UK market is their top priority

## 2021 report: Geopolitical backdrop poses the biggest challenge for Chinese investors

- Almost **three-quarters** of respondents selected this as a key challenge.
- With **100%** of respondents viewing a stable and healthy UK-China relationship as key to their UK business.
- In line with last year's report, **95%** expressed a neutral to optimistic view about the future of UK-China relations.





## 2021 report: Key Challenges

### Geopolitical Tensions

– The Biggest Concern

- Reduction in M&A activities
- Higher market risks
- Negative impact seen on the continued rollout of the Shanghai-London Stock Connect

### COVID-19

- Particular impact on insurance sector

- A key issue posing challenges to business operations
- Impact on tourism, in-person events, the value of commercial real estate, and the broader reduction of business opportunities
- Significant challenge across the insurance industry due to the significant level of anticipated insurance payouts


### Brexit

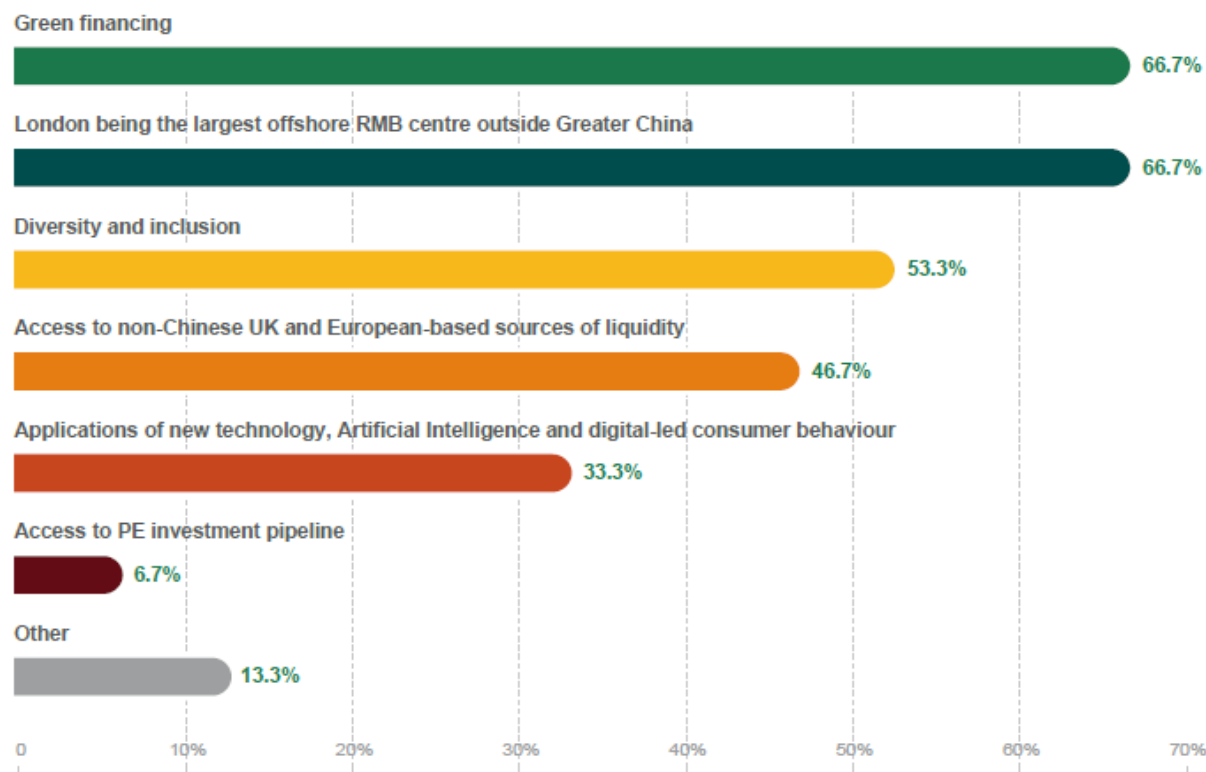
- The top two Brexit challenges identified as **serving EU based customers from UK entities (60%)**, and **loss of passporting (53%)**
- Loss of passporting was cited as a particular difficulty in preventing companies from providing cross-European insurance policies to customers
- Two-thirds of respondents noting that Brexit had not changed the role of their UK operation





## 2021 report: Key Opportunities

 Which of the following matters provide most opportunities to your organisation operating in the Financial Services industry in the UK?



- **Key focus area:** the development of green financial products incorporating climate considerations (ex. green bonds)
- **Green finance** is seen as a key area where Chinese institutions could make increasing contributions via collaboration with UK counterparts
- Chinese FS institutions continue to see opportunities in **leveraging London's established infrastructure and deep capital markets**
- Diversity and inclusion in the UK's FS industry helps Chinese institutions **access top international talent and cutting-edge innovation**



## 2021 report: Key Challenges

### Particular Scrutiny

- The National Security and Investment Act
- Negative public perceptions and unfavorable media coverage

### Change in Energy Demand

- Fluctuations in the crude oil market
- Significant challenges in business forecasting and risk management
- Financial and liquidity challenges in daily operations

### Changing Regulatory Landscape

- Uncertainty and complexity associated with setting up and transitioning to new regulatory regimes (REACH, GOs)
- Ambiguity around the impact of Brexit on antitrust regulations

### Meeting Net Zero Requirements

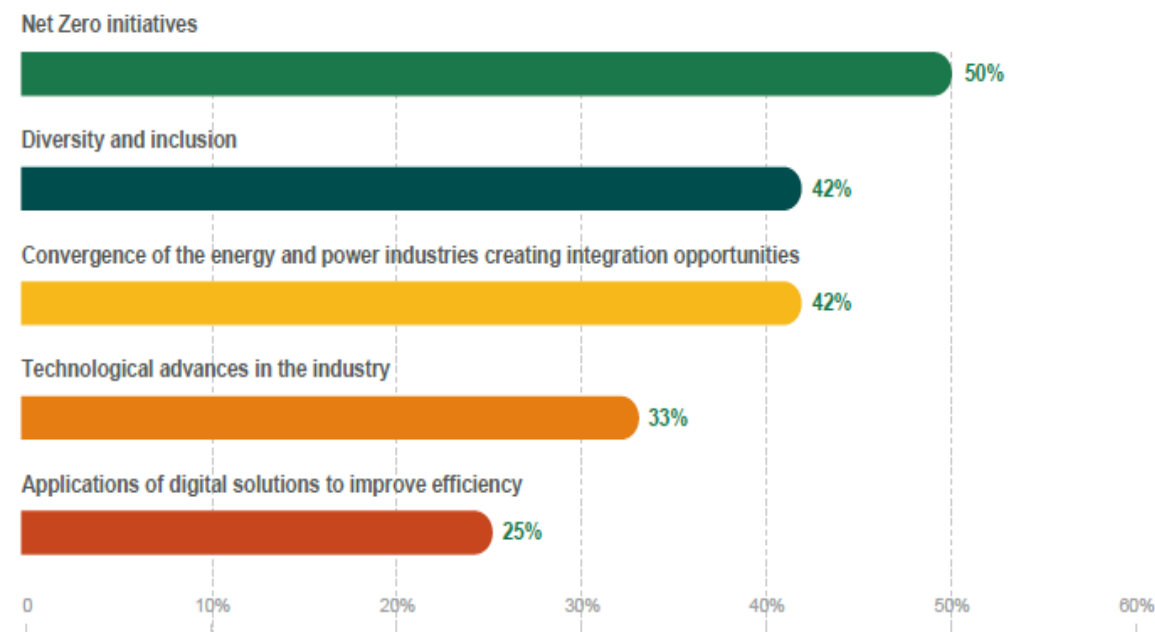
- Market demand for conventional energy has been falling and is expected to continue to fall
- Increasingly aggressive policy measures and stricter compliance requirements have also put pressure on traditional energy companies



## 2021 report: Key Opportunities

- **Key focus area:** new technologies (such as cloud services, big data, AI and blockchain) enabling the adoption and rollout of game changing solutions towards a more sustainable economy
- Chinese participation in **renewable energy generation** and the **battery storage market** could be key to UK's net zero and levelling up agenda
- A diverse workforce and the application of flexible operating models was viewed as a key strength in this sector

Which of the following matters provide most opportunities to your organisation operating in the Energy and power industry in the UK?



# 2021 report: ESG Outlook of Chinese Companies in the UK

ESG matters are a **key focus** and **commitment** for many Chinese companies

- **54%** of the surveyed companies had new ESG initiatives planned as a priority in the UK over the next 1-2 years
- Many companies reported that they have progressed further on ESG matters at **China group level**, giving them **expertise to leverage** as they begin to implement ESG measures in the UK

“

We launched our Blue Point Plan this year to encourage users to reduce emissions, by converting the carbon dioxide emissions reduced by driving electric vehicles into points which can be exchanged for products. We also launched a Blue Sky Lab, which recycles materials left from the car production process to create a series of fashion products with an environmental ethos.

Hui Zhang, Group Vice President, NIO

“

We collaborated with major airlines in the UK to build a priority channel for medical supplies. This channel supported the fight against COVID-19 in China and the UK alike. We transported 85.8 tons of medical supplies from China to the UK, including 650,000 sets of hazmat suits, and 100 tons of medical supplies to Europe, including 20 million surgical masks and 500,000 bottles of hand wash. We also helped to deliver more than 40 batches of PPE to China in 2020.

Bingqian Zhao, Managing Director, STO Express (UK)

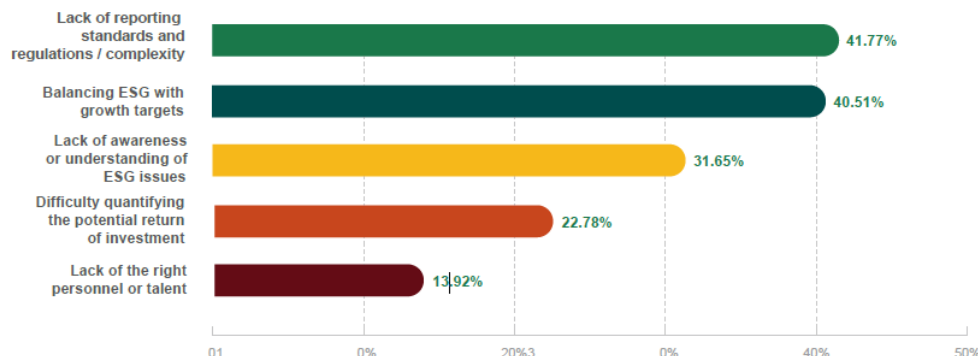


# 2021 report: Challenges and Positive Actions in Progressing the ESG Agenda

## Challenges

- Chinese enterprises in the UK are **at the early stages** of their ESG journey
- Balancing** ESG goals with business growth targets


 Which of the following do you feel are the biggest challenges preventing your organisation from progressing on ESG issues at the UK operations level? (Respondents may select up to 3 options)



## Positive actions

- Setting up senior management-led cross department working groups
- Setting specific diversity and inclusion and measurable climate targets
- Adopting targeted policies at the office
- Supporting local communities through apprenticeship opportunities
- Providing financial and medical support

# Thank You

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John McLean OBE - [mcleanjnm@aol.com](mailto:mcleanjnm@aol.com)

2021 Report On The Development Of Chinese Enterprises In The UK - <https://bit.ly/3qyWZKC>



# Comments, Questions & Answers





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## Forthcoming Events

- Thu, 20 Jan (11:00-11:45) Shattering Pixels – The Metaverse & Insurance
- Mon, 24 Jan (15:00-16:00) Esop Centre Members' Webclave - EOTs Development & Reform
- Tue, 25 Jan (16:00-16:45) Comparing The UK & US Gig Economies
- Wed, 26 Jan (15:00-15:45) An Update On EU Financial Services Legislation & Associated Initiatives

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