BRITISH CHAMBER OF COMMERCE IN CHINA
中国英国商会

BRITISH BUSINESS IN CHINA: POSITION PAPER

2025

ABOUT THE BRITISH CHAMBER OF COMMERCE IN CHINA

The British Chamber of Commerce in China is a membership organisation in the Chinese mainland focused on providing advocacy, knowledge and community for British businesses in China. We operate as an independent, not-for-profit organisation with a strong and diverse membership. With decades' worth of business experience in the country, we are the independent voice of British business in China, bringing the British business community together and supporting them to thrive in the world's second largest economy.

As the voice of British business in China, the Chamber advocates on behalf of our members to both the British and Chinese governments for the purpose of better directing trade relations. The dialogues we foster raise the core concerns of our members, making their voice heard in government and the wider China business environment.

Our major policy initiatives are our annual Position Paper and Business Sentiment Survey, two authoritative overviews of the needs of British businesses in the China market. Both documents examine the impact of China's regulatory system on the ability of British Chamber members to thrive and provide a full range of products or services to market and provide both policy recommendations and an overview of opportunities for British business in China. Other reports provide more focused analysis on particular facets of China's regulatory landscape. Through our engagement with the British and Chinese government we aim to foster a strong, resilient UK-China trade relationship.

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ABOUT THE POSITION PAPER 2025

The British Business in China: Position Paper 2025 represents the views of the British Chamber of Commerce's members across China on the regulatory challenges for companies operating in the business environment. It offers positions, which seek to identify regulatory challenges that impede British business in market and offer solutions to them. It also identifies areas of mutual opportunity where businesses can complement the sustainable development of the economy. The cross-sector challenges addressed in this report were drawn from the regulatory challenges identified in the British Business in China: Sentiment Survey 2024-2025 as well as taking note of policy progress in the last year. Additional sections have been added on artificial intelligence, supply chains and qualifications each of which have since been raised as thematic issues for this year. This year has seen the introduction of two new sectoral chapters, covering the creative and sports industries.

Analysis within the paper is drawn from the data provided in the Business Sentiment Survey 2024-2025 and industry roundtables and interviews. Roundtables and interviews were held with British companies from across the whole of China, with interviews with members from the British Chamber of Commerce China's branches in South-West and South China. Interviews were held between February 2025 and April 2025, providing input from companies across various revenue profiles and years of experience in the market. This year's supply chain roundtable was held at Yantian Port in Shenzhen and led by the British Chamber of Commerce South China's Supply Chain Working Group, with additional input from companies in Beijing.

The recommendations in this Position Paper are indicative of priority areas as expressed by members during the data collection period and are not an exhaustive assessment of the issues faced by foreign businesses in China. The British Chamber of Commerce in China does not assume legal liability or responsibility for the accuracy and completeness of the information provided in this paper.

CHAIRS' FOREWORD

This year, China's leadership has reaffirmed its commitment to opening up, while acknowledging that 'despite the main gate being open, smaller doors remain closed.'[1] The 50 recommendations set out in this year's *Position Paper* are keys to some of those doors: each one unlocks a specific barrier to trade, investment, and collaboration. Together, they form a blueprint for a stronger, more balanced and more open commercial relationship between the United Kingdom and China.

In recent months the UK-China relationship has experienced both uncertainty and renewed momentum. On the one hand, British businesses continue to navigate a complex and evolving operating environment: global economic headwinds, geopolitical tensions, and shifting regulatory frameworks have made long-term planning more difficult for many firms. At the same time, there has been a clear and welcome step forward in government-to-government engagement. From the Economic and Financial Dialogue to the Strategic Dialogue and a series of senior visits, we have seen the emergence of a new phase in pragmatic cooperation. British businesses in China have noticed, and welcomed, this renewed spirit of dialogue.

Across the Chamber's membership, there remains a consistent belief that greater openness, transparency, and predictability benefit both sides. Open markets support innovation, attract investment, and create jobs; in China, the UK, and globally.

It is precisely because our members believe in the value of partnership that they continue to raise concerns, in the spirit of shared progress. Many of those concerns are longstanding: inconsistent enforcement, opaque procurement procedures, and limited market access in sectors from food and beverage to legal services and healthcare. The reinstatement of a higher tariff on UK whisky earlier this year is indicative of these broader barriers. Our members are not asking for favours, only for fairness – for a level playing field that reflects the maturity, complexity, and mutual benefit of our relationship.

1 'Speech at the Meeting with Representatives of the International Business Community', 习近平会见国际工商界代表时的讲话, Xinhua News Agency, March 2025

It is almost 250 years since the British economist Adam Smith published *The Wealth of Nations*, outlining how international trade could produce global prosperity and opportunity. A generation later, the British economist and politician David Ricardo defined the idea of 'comparative advantage,' detailing how free and open trade is profitable for all. The following century, in 1947, the UK took a leading role in establishing the General Agreement on Tariffs and Trade (GATT), which ultimately became the World Trade Organisation (WTO) in 1995.

The UK remains among those countries that actively support open, rules-based trade, recognising its value in driving innovation and opportunity. These same principles underpin the British Chamber's work in China, where we continue to advocate for transparent, predictable and inclusive market access for all businesses.

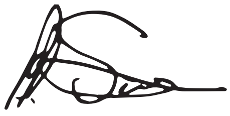
There is now a significant opportunity for China to take the lead in championing transparency, predictability and reciprocal access. Doing so would send a powerful signal to international investors and to the wider world about China's leadership in global trade.

British businesses want to see China succeed. We want to play a role in that success. With clear rules, constructive engagement and tangible action, the next phase of UK-China trade awaits - defined by certainty, collaboration and long-term growth.

Let's start unlocking doors, small and large, together.

JULIAN FISHER
British Chamber of Commerce in China

MARK CLAYTON
British Chamber of Commerce South China



PAUL SIVES
British Chamber of Commerce Southwest China

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PREDICTABILITY AND IMPLEMENTATION ARE NOW THE KEY TESTS OF MARKET OPENNESS

EXECUTIVE SUMMARY

As this paper goes to print, global trade tensions hang ominously over British businesses operating in China and around the globe. In response to sudden and unpredictable policy changes by the US administration, the Chinese government is positioning itself as a global trade champion and a dependable destination for investment. Yet despite some tangible moves towards this stated goal, businesses on the ground continue to report receiving mixed signals.

As such, the story that follows in this paper is a familiar one. While British companies operating in China acknowledge improvements in the regulatory environment and support official pronouncements and legislative developments made in the past year, there remains a gap between policy and on-the-ground implementation.

This year's *Position Paper* puts forward 50 positions: recommendations from British businesses to the Chinese government about ongoing market access issues.

Of last year's 50 positions, the British Chamber assesses that ten (20%) have been resolved or have seen tangible progress, including issues such as packaging requirements for whisky and the import of classic cars. 29 (58%) have been captured in the outcomes of this year's UK-China Economic and Financial Dialogue, covering key areas such as expediting medicine approvals and enabling partnerships for British law firms.[1]

That leaves 21 of the 50 recommendations in this year's paper carried forward from last year – including 10 long-standing issues first raised in our inaugural 2019 Position Paper that have yet to be resolved. While some of these returning issues have seen incremental improvements, others have yet to receive a meaningful response. Issues such as changing chief representatives for legal firms and acceptance of qualifications in the education sector are all areas where our members believe relatively straightforward changes could have outsized impacts on creating a fairer, more predictable trading environment for foreign business.

A FRAGILE AND EVOLVING GLOBAL TRADE ENVIRONMENT

International businesses are navigating a more fragmented and contested global trading system. Trade frictions, shifting supply chain strategies and diverging (or even contradictory) regulatory regimes are complicating long-term investment planning.

The intensification of US-China trade and technology tensions has created particular stress points for British companies manufacturing in China – especially those exporting to the US.

While bilateral disputes between the world's two largest economies are focused on national security, technological competition and de-linking supply chains, their effects are being felt far beyond. Caught between competing regulatory regimes, compliance frameworks and policy expectations, British businesses are delaying investment decisions, not only in China but across global operations with any China exposure, underscoring the need for a stable and predictable policy environment.

Within this context, China has an opportunity. By delivering on commitments to provide a stable, transparent, and predictable operating environment, China can distinguish itself at a time when businesses are actively recalibrating risk exposure. Early signs are encouraging: the release on 24 April 2025 of the *2025 Market Access Negative List*, which reduces restricted business activities from 117 to 106, is a welcome indicator of the continued market opening that British business has called for.[2]

At the same time, British companies report that progress remains slow, as the number of repeated recommendations from previous editions of the *Position Paper* shows.

1 '2025 UK-China Economic and Financial Dialogue, Policy Outcomes,' HM Treasury, January 2025

2 'Notice on Issuing the "Negative List for Market Access (2025 Edition),' 关于印发《市场准入负面清单(2025年版)》的通知(发改体改规〔2025〕466号), National Development and Reform Commission, April 2025

Addressing such issues would demonstrate intent and provide a positive signal to British businesses looking for consistent and nationwide implementation that delivers meaningful new opportunities on the ground.

SIX YEARS OF SHIFTING SENTIMENT – AND WHY IT MATTERS

This year's *Business Sentiment Survey 2024-2025* marks the fifth consecutive year in which more British businesses reported that doing business in China had become harder.[3] However, the headline trend conceals an evolving story. In the immediate wake of the pandemic, concerns focused primarily on logistical disruption, travel restrictions and workforce mobility. Over time, these have been overtaken by a different type of concern: the cost and complexity of compliance; regulatory opacity; geopolitical exposure; and a perceived shift away from prioritising foreign business within China's evolving industrial strategies.

In this year's *Business Sentiment Survey,* 40% of respondents reported that market access issues limited their companies' operations in China, with 29% expecting regulatory obstacles to increase in the coming five years, against only 9% who expected a reduction.

British financial services firms, for instance, have seen China's evolving data protection and cybersecurity regulations raise compliance burdens, increasing internal costs. Meanwhile, the percentage of firms feeling confident about China's long-term outlook has declined year-on-year, even as many continue to see opportunity. While it is important to note that British companies are not leaving the market in significant numbers, some businesses have postponed investment decisions and are reassessing their exposure in the mainland market – often under pressure from global headquarters.

This complexity is sector-specific. Firms in professional services, healthcare, energy and manufacturing continue to see opportunities aligned with China's long-term development agenda. Conversely, consumer-facing businesses, particularly for premium goods, have reported softening demand, heightened reputational risks and growing uncertainty around future market access.

Against this backdrop, it is important to recognise that, despite challenges, British businesses continue to demonstrate substantial engagement with, and commitment to, the Chinese market.

UK-CHINA DIALOGUE: RENEWED MOMENTUM AND MUTUAL OPPORTUNITY

A key factor in supporting this engagement and commitment is political. After more than five years of diplomatic drift, the UK-China economic relationship is entering a more structured and pragmatic phase. The resumption of high-level dialogues, including the Economic and Financial Dialogue (EFD) and the proposed restart of the Joint Economic and Trade Committee (JETCO), has provided much-needed platforms to translate shared interests into actionable outcomes. In particular, the EFD has been commended by British companies, with clear and achievable market opening agreed on areas like pork exports, as well as commitments to further progress on 29 of our 50 main positions in the *2024 Position Paper*.[4]

Spurred on by such high-level bilateral engagement, the scale of potential cooperation is significant, provided the right frameworks are in place. The UK's industrial strategy

3 'British Business in China: Sentiment Survey 2024-2025,' British Chamber of Commerce in China, December 2024

4 'British pork producers to bring home the bacon,' Department for Business and Trade and Department for Environment and Rural Affairs, December 2024; '2025 UK-China Economic and Financial Dialogue, Policy Outcomes,' HM Treasury, January 2025

overlaps with China's economic priorities, creating opportunities for collaboration in a range of industries, from clean energy and life sciences to advanced manufacturing and professional services. British expertise in these sectors complements China's development priorities, with increased cooperation unlocking benefits for both economies. As China continues to reshape its economy, British companies are also looking to partner with Chinese companies expanding into new markets across the Global South, creating further opportunities.

Chinese investment into the UK also remains a major opportunity, offering the potential to drive growth in the services sector and create high-quality jobs across the country. Strengthening these flows will require ongoing dialogue and engagement from both businesses and governments, supported by a policy environment that enables trade and investment to flourish.

Increasingly, private Chinese companies are leading global growth in sectors such as electric vehicles, batteries and renewable energy, all of which align closely with the UK's ambitions for industrial revitalisation and the clean energy transition. Encouraging inbound investment and business partnerships with these market leaders can revitalise British industry, bring jobs to the UK and reduce the cost of living for British consumers. Building trusted, open channels for such collaboration will strengthen resilience across both economies.

Reciprocal benefit, with greater access to China and an open, supportive UK investment climate, will be critical not only to building confidence but also to unlocking tangible economic gains that drive shared prosperity and long-term resilience.

FROM COMMITMENTS TO DELIVERY

British businesses have been clear and consistent in their priorities. They want clarity on regulation. They want transparency in implementation. They want open and regular consultation on the policies that shape their investment decisions.

Recent government pronouncements, and to a lesser extent, actions, signal intent. But trust, once weakened, takes time to rebuild. In a global environment marked by de-risking and strategic competition, the stakes are higher than ever.

With the right conditions – rules that are clear, fairly enforced, and consistently applied – British firms stand ready to invest in China's continued development. The Chamber will continue to honour our founding principles as the independent voice of British business in China and is steadfastly committed to working with both governments to support this next chapter in UK-China economic cooperation.

In a world increasingly shaped by strategic rivalry, trade fragmentation, and political risk, policy predictability is more than a competitive advantage. It is the foundation of commercial confidence and a critical determinant of where global capital, technology and talent choose to go. It is in the spirit of a continued belief and commitment to China and the Chinese market that the British Chamber presents the following constructive recommendations. If these recommendations are implemented, we believe they will encourage further investment, increased trade, and ultimately bring mutual benefit to the citizens both of China and the United Kingdom.

Key recommendations for 2025-26:

- Ensure effective follow-up on the Policy Outcomes of the 2025 Economic and Financial Dialogue, including the 29 raised in the Chamber's *Position Paper*;
- Accelerate resolution of long-standing market access issues – particularly low-risk, administrative barriers such as qualification recognition, visa restrictions, and licensing procedures – to build trust and unlock immediate business confidence;
- Accelerate market access through clear, predictable, transparent policymaking and more regular engagement with businesses;
- Introduce formal mechanisms for local-level accountability and implementation monitoring, ensuring national regulatory reforms are applied consistently across provinces and sectors;
- Expand joint UK-China industry dialogues to address market access issues, including holding a Joint Economic and Trade Commission (JETCO), an education dialogue, and other dialogues discussed in the EFD.


中国人寿
CHINA LIFE
万达广场
WANDA PLAZA

AT A GLANCE: INDUSTRY REPORTS

CREATIVE

SUB-SECTORS

Publishing | Music | Arts | Culture

OUR POSITION

- Strengthen IP protection and address digital piracy in publishing
- Reform research evaluation and enhance global academic engagement
- Provide government sponsorship to youth cultural exchange programmes to help develop the industry
- Promote holistic education in China's growing contemporary music industry
- Enhance content review transparency to support cultural exchange and industry growth
- Strengthen IP protection for cultural products to support business and industry development

EDUCATION

SUB-SECTORS

Early Years & K-12 | Higher Education | EdTech | Qualifications

OUR POSITION

- Ensure clarity and consistency on the negative list for education providers
- Accelerate mutual recognition of international qualifications
- Encourage British investment through vocational governance clarity
- Improve the quality of teachers in international schools
- Increase the number of British students and graduates in China
- Strengthen higher education engagement and degree recognition

ENERGY

SUB-SECTORS

Green Energy and Power Markets | Carbon Capture and Storage | Natural Gas | Hydrogen Technologies | EV Charging | Plastic | Carbon Market

OUR POSITION

- Improve transparency and regulatory consistency in green energy and power markets
- Create clear regulations and incentives for carbon capture and storage
- Increase policy support to develop demand-side forces and the transition to natural gas in industry
- Improve infrastructure and offer incentives for hydrogen technologies
- Shift incentive structures in the EV market
- Create clear guidelines on the single-use plastic ban and public procurement programmes favouring biodegradable products
- Align regulations on the carbon market with international standards and grant market access to more businesses

FINANCIAL SERVICES

SUB-SECTORS

Insurance | Asset Management | Banking | Green Finance

OUR POSITION

- Reopen licensing for overseas investment and increase QDII Quotas
- Restart enterprise pension licensing and support a diversified ecosystem
- Increase transparency and predictability in regulatory approval processes
- Clearly define ‘important data’ under China’s cybersecurity and data security laws
- Facilitate foreign financial institutions’ transition to cloud-based operations
- Advance regulatory alignment and collaboration on green finance standards

FOOD, BEVERAGE AND AGRICULTURE

SUB-SECTORS

Alcoholic Beverages and Soft Drinks | Agriculture

OUR POSITION

- Reduce tariffs on foreign whisky to stimulate market development
- Strengthen the enforcement of intellectual property (IP) regulations to protect consumers and businesses
- Strengthen incentives for sustainable and innovative development in China's agricultural sector
- Establish regular and structured platforms for UK-China bilateral engagement in agriculture

HEALTHCARE

SUB-SECTORS

Pharmaceuticals | Over the Counter Medicines | Insurance | Vaccines | Hepatitis B Treatments | Rare Diseases

OUR POSITION

- Accelerate general regulatory submissions and approvals
- Promote commercial health insurance to enhance multi-tiered healthcare security
- Expand access to adult immunisation
- Expand the scope of tariff-free imports of Active Pharmaceutical Ingredients (APIs)
- Accelerate approvals of OTC medicines to facilitate and promote self-care
- Accelerate approval pathways for chronic Hepatitis B treatments
- Further improve the system for rare disease medication, diagnosis, treatment and payment to enhance accessibility and affordability
- Advance green development and sustainability in the pharmaceutical sector
- Accelerate the standardised development of Electronic Drug Leaflets
- Refine cross-border data transfer policies to support global R&D collaboration

LEGAL SERVICES

OUR POSITION

- Streamline the approval process for appointing new representatives
- Continue to further advance the joint law office model in the Shanghai free trade zone
- Eliminate the unfair tax treatment of foreign law firms by allowing them to structure as partnerships
- Permit foreign law firms to practise Chinese law on a trial basis in non-sensitive areas
- Allow lawyers qualified in the Greater Bay Area to practise Chinese law on behalf of foreign law firms
- Permit foreign law firms to participate in government meetings with their clients
- Enable a more streamlined and fairer process for foreign law firms to open new offices in China

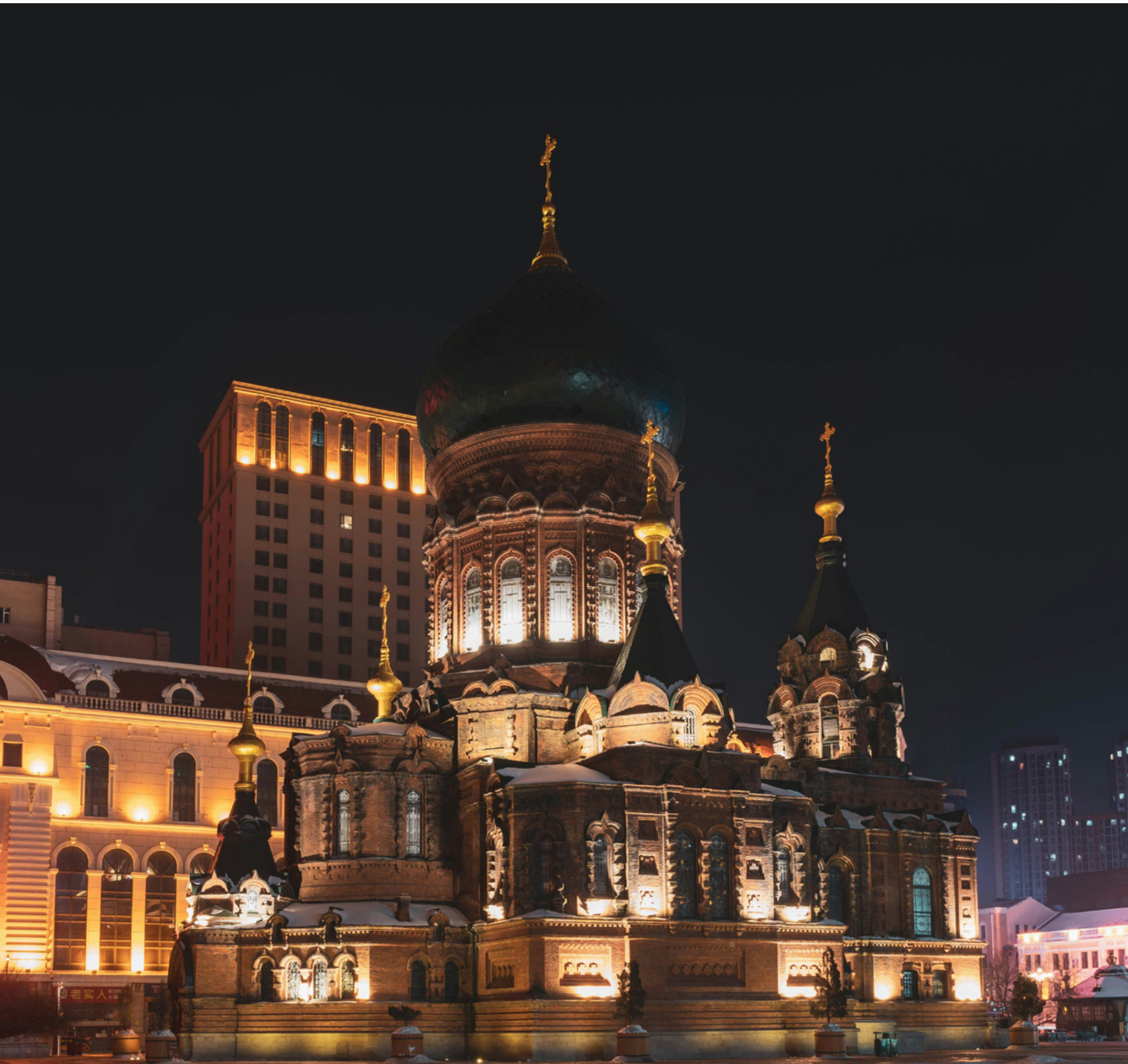
SPORTS

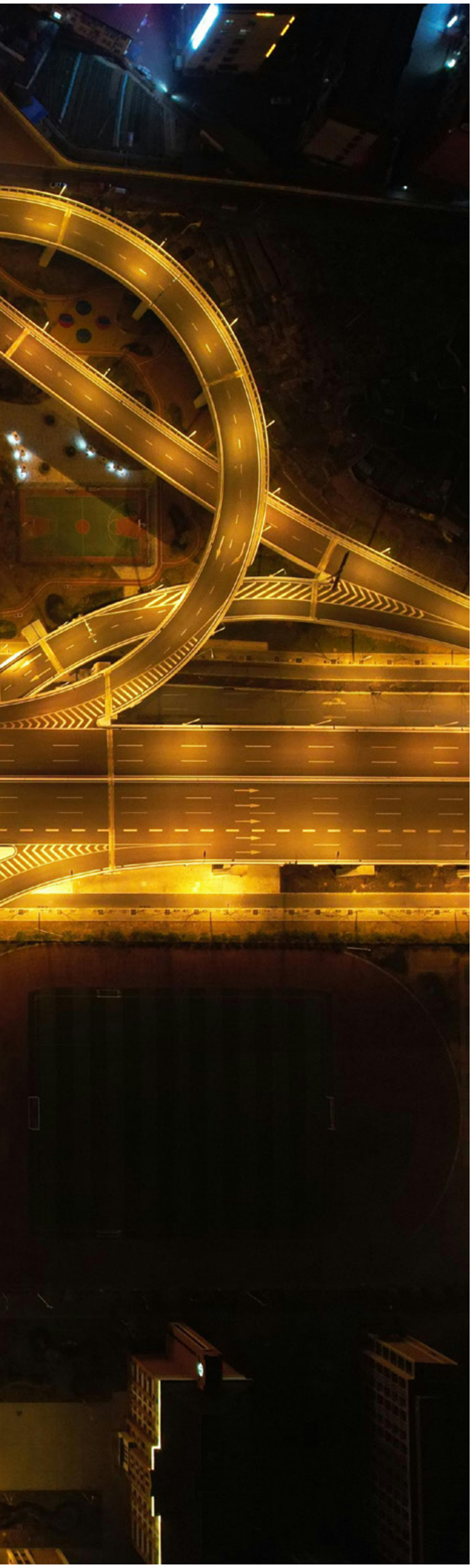
SUB-SECTORS

Professional Sports | Sports Data | Sports Education

OUR POSITION

- Improve live sports event hosting standards to simplify planning and attract more events
- Strengthen coordination with governing bodies and local authorities
- Invest in grassroots sports development and fostering a sports culture
- Improve dialogue on the protection of sports data intellectual property





CROSS-SECTOR CHALLENGES

CROSS-BORDER DATA

OVERVIEW

Cybersecurity and IT regulations continue to be the top cross-sector regulatory challenge faced by Chamber members, according to the *British Business in China: Sentiment Survey 2024-2025.*[1] Further, despite efforts to improve the regulatory landscape in recent years – such as in the *Guidelines for the Filing of Standard Contracts for Exporting Personal Information Abroad* and the *Provisions on Promoting and Regulating Cross-border Data Flows* – 29% of those surveyed said that they expected the regulatory environment to become even more challenging in the next five years.[2]

China's approach to cross-border data flows has undergone a transformation, shifting from fragmented oversight to a more unified and innovation-driven regulatory framework. The *Beijing Cross-Border Data 2.0 Initiative* is one local example of this approach.[3] The initial phase focused on establishing foundational compliance mechanisms, such as streamlined reporting procedures and the development of cross-border data service markets. Building on this, the enhanced 2.0 framework introduced systemic improvements, including fully digitalised approval processes, delegated auditing authority to service centres and an expanded negative list system with sector-specific guidance at the district level. The so-called *Three Reductions* policy – which promises to cut processing times, documentation requirements and compliance costs – represents a further step from local government toward regulatory optimisation.[4]

To support businesses, the Chinese government has rolled out compliance toolkits, anonymisation technologies and case libraries to facilitate high-frequency, multi-stakeholder data flows. Pilot programs are exploring innovations such as trusted data spaces, leveraging blockchain and privacy-preserving computation in sectors like healthcare and marketing, alongside the establishment of international data hubs. Meanwhile, Free Trade Zones (FTZs) in Shanghai, Hainan and Zhejiang, have adopted tailored negative lists to simplify data export requirements for qualifying firms, reflecting a localised approach within the broader national strategy.[5]

China's cross-border data governance is also evolving through coordinated regulatory efforts. Members have reported that cybersecurity regulators have strengthened oversight and accountability mechanisms to enhance compliance effectiveness, a move aligned with coordinated policy measures. Sectoral regulators, including the People's Bank of China and Ministry of Industry and Information Technology (MIIT), are drafting industry-specific guidelines, while the Ministry of Commerce has introduced a 'green channel' to expedite cross-border data flows for foreign-invested enterprises. Efforts to harness public data are also advancing, with the National Data Administration implementing a nationwide data resource census and Beijing trialling a public data registry platform. Additionally, standardisation and enforcement remain dual priorities, with the TC609 (a specialised working group under China's National Information Security Standardisation Technical Committee) having published a roadmap for data-related national standards.[6]

1 'British Business in China: Sentiment Survey 2024-2025,' British Chamber of Commerce in China, December 2024

2 'Guidelines for the Filing of Standard Contracts for Exporting Personal Information Abroad,' (个人信息出境标准合同备案指南（第一版）), Cyberspace Administration of China, May 2023; 'Provisions on Promoting and Regulating Cross-border Data Flows,' (促进和规范数据跨境流动规定), Cyberspace Administration of China, March 2024

3 'Beijing Municipal Comprehensive Reform Implementation Plan for Facilitating Cross-Border Data Flows,' (北京市数据跨境流动便利化综合配套改革实施方案), Beijing Municipal Commerce Bureau, March 2025

4 Ibid.

5 'Interim Measures for the Management of Data Export Negative List in China (Shanghai) Pilot Free Trade Zone and Lingang Special Area,' (中国(上海)自由贸易试验区及临港新片区数据出境负面清单管理办法(试行)), The Administration Committee of Lingang Special Area, China (Shanghai) Pilot Free Trade Zone, January 2024; 'Hainan Free Trade Port Data Export Management List (Negative List) (2024 Edition),' (海南自由贸易港数据出境管理清单(负面清单)(2024年版)), Hainan Development and Reform Commission, February 2025; 'Zhejiang Pilot FTZ Cross-Border Data Transfer Negative List Management Measures,' (中国（浙江）自由贸易试验区数据出境管理清单(负面清单)(2024版)), Zhejiang Cyberspace Administration of China, April 2025

6 'Guidelines for Network Data Categorisation and Tiering,' (网络数据分类分级指引), National Technical Committee 260 on Cybersecurity of Standardisation Administration of China, December 2021

OUR POSITION

ENHANCE CLARITY IN CROSS-BORDER DATA FLOW POLICIES

The regulatory environment for cross-border data flow shows clear signs of improvement, yet enterprises continue to face uncertainty. New regulations, such as the *Provisions on Promoting and Regulating Cross-Border Data Flows*, have enhanced compliance flexibility by raising trigger thresholds and introducing an annual reset mechanism.[7] However, questions around definitional clarity continue to pose challenges. One particular challenge is in the definition of 'important data' for each sector. Taking the energy sector as an example, the definition of petroleum, petrochemical, and natural gas data in the Tianjin Free Trade Zone's negative list is rather broad; data where 'the operational status of major national strategies could be inferred' is restricted, but no specific guidance for what meets this criterion is given. This contrasts with the detailed regulations for international shipping data in the Shanghai Free Trade Zone. This disparity makes it difficult for businesses to gauge the appropriate level of compliance in practice, potentially leading to potential overcompliance.

At the specific operational level, cross-border data transfer also faces multiple operational obstacles. Regional flow mechanisms, such as in the Greater Bay Area, have not yet achieved the anticipated breakthroughs. For instance, the proposed 'whitelist' system for eligible enterprises and streamlined certification procedures remain in pilot stages, with limited sectoral coverage. This gap between the intentions of policies and their impact in practice deters the intended facilitation of cross-border data flow. In scenarios where businesses procure global Software as a Service (SaaS) or other cross-border technical services, or engage in similar cross-border activities, non-affiliated parties often refuse to sign standard contractual clauses due to the perceived excessive legal liabilities and their limited influence over the company's data processing activities. There is also a vacuum of clear rules and regulations in new business fields, such as cross-border scientific research data.

Furthermore, the *Compliance Guidelines for Promoting and Regulating Cross-Border Data Flows in the Financial Industry* have not been issued publicly, with access currently restricted to selected domestic financial institutions.[8] Foreign enterprises only received notification about the temporary suspension from the financial institutions they work with, without the provision of sufficient information to effectively communicate with other parties involved regarding data export routes. Consequently, the financial services industry cannot explore the full benefit of the facilitative policies for data export.

Challenges are particularly pronounced for foreign enterprises without a commercial entity in mainland China, where the extraterritorial application of the *Personal Information Protection Law of the People's Republic of China* further complicates compliance.[9] For instance, depending on the volume and category of data being exported, foreign enterprises have three pathways if they directly collect personal information from within mainland China to provide services, provide products and analyse or evaluate behaviour; enterprises need to either undergo a security assessment by the Cyberspace Administration of China, sign standard contracts and file them, or obtain personal information protection certification (unless otherwise exempted). Under these three pathways, foreign enterprises without a commercial entity in mainland China face particular difficulties such as lacking a domestic entity to assist in submitting materials needed for security assessment application, lacking a qualified entity to sign standard contracts with, and facing significant labour and operational costs for obtaining certification.

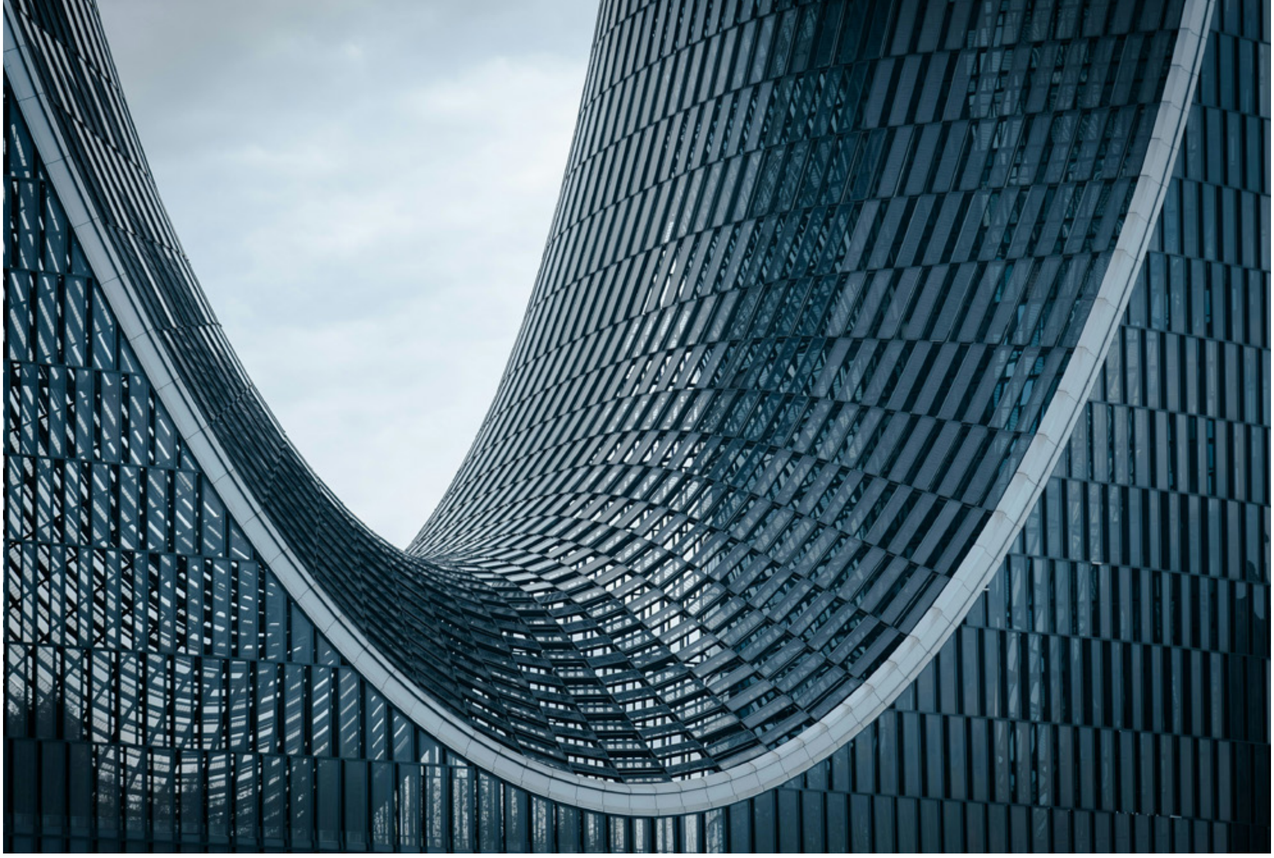
Recommendations:

- Publish supporting implementation guidelines and typical case studies by industry, based on the classified catalogue of important data types;
- Establish regular communication mechanisms between government and enterprises, including licenced foreign chambers of commerce;
- Promptly disclose relevant guidelines for promoting cross-border data flows to the public to ensure policy facilitation can be fully implemented;
- Develop standardised compliance tools for high-frequency business scenarios and establish a fast-track channel incorporating a 'negative list + notification and commitment' approach.

7 'Provisions on Promoting and Regulating Cross-border Data Flows'

8 'Six departments issued a document to promote and regulate cross-border data flow in the financial industry,' (六部门发文促进和规范金融业数据跨境流动), Xinhua News Agency, April 2025

9 'Personal Information Protection Law of the People's Republic of China,' Cyberspace Administration of China, August 2021



PROMOTE MUTUAL RECOGNITION OF INTERNATIONAL DATA COLLABORATION STANDARDS

Today's digital economy has become deeply globally integrated and, as such, cross-border data flows have become a crucial cornerstone for businesses to operate internationally. However, legislative differences among countries regarding data security and privacy protection make coordination among global offices increasingly difficult. These differences also present multinational corporations with the dual challenges of high compliance costs and policy uncertainty when conducting business.

Although China's data export regulatory system is becoming increasingly sophisticated, there remains scope for optimisation in aligning with internationally recognised regulations. For example, information security certification systems such as ISO/IEC 27001 and the EU General Data Protection Regulation (GDPR) Standard Contractual Clauses are internationally recognised organisations which are widely acknowledged compliance mechanisms. [10] Despite this, they have not yet been fully mutually recognised by the Chinese government. Businesses need to meet both Chinese and foreign standards for the same data processing activities, bearing the burden of repetitive reviews, material submissions and other compliance process.

Multinational companies that have already passed strict GDPR compliance reviews and obtained international ISO certifications still need to complete the entire assessment under the *Measures for Security Assessment of Data Exports* when conducting data flow business between China and Europe.[11] The existing compliance systems of these companies fully meet the highest international security standards, but the current system has not established a comprehensive mutual recognition mechanism. This situation leads to duplicated investment in compliance resources by companies, which not only affects the timeliness of business decision-making but also restricts the efficiency of international data flow.

Recommendation:

- Promote mutual recognition of international data protection certifications or contractual safeguard mechanisms (such as ISO standards or Standard Contractual Clauses under GDPR) to build a more open and trusting new landscape for data governance;
- Establish a 'risk-triggered assessment' mechanism, presuming data transfers between a company's Chinese operations and its global headquarters are permitted unless and until specific risks are identified through monitoring.

10 'General Data Protection Regulation,' European Union, May 2018

11 'Measures for Security Assessment of Data Exports,' (数据出境安全评估办法), Cyberspace Administration of China, July 2022

ARTIFICIAL INTELLIGENCE

OVERVIEW

Artificial intelligence has long been a focal point for both the Chinese government and the business community. The Chinese government has explicitly designated AI as a pillar industry, with the Ministry of Industry and Information Technology (MIIT) and the Ministry of Science and Technology (MOST) overseeing its end-to-end development from research to industrial application. The MIIT projects the market will reach RMB 1.7 trillion (GBP 185.8 billion) by 2035. The *2025 Government Work Report* positions AI alongside advanced manufacturing as central to China's next-phase economic strategy.[1] The 'AI Plus' initiative aims to deepen the integration of digital technologies with traditional industries, accelerating innovation in smart connected vehicles, AI-enhanced consumer electronics, and next-generation robotics.[2] Concurrent investments in smart manufacturing infrastructure will further solidify China's competitive edge in high-value-added production.

AI-RELATED POLICY REFORMS

China's AI policy and legislative developments has been progressively developing since its introduction as a policy priority eight years ago. The 2017 *Next-Generation Artificial Intelligence Development Plan* first elevated AI to a national priority, with subsequent annual Government Work Reports progressively refining policy focus – shifting from initial R&D support to the current 'AI Plus' industrial integration.[3] Legislatively, China has established a comprehensive framework centred on the *Cybersecurity Law*, *Data Security Law* and *Personal Information Protection Law*, complemented by specialised regulations governing algorithm recommendation, deep synthesis and generative AI technologies. The *Interim Measures for the Management of Generative AI Services*, implemented in 2023, stands as the world's first sector-specific regulation for AI generated content.[4] This multi-tiered model combines foundational laws, specialised rules and governance of industry-specific standards, with the aim of balancing developmental priorities with evolving risk controls.

Notably, China's AI legislation is distinctly technology-driven, with regulatory focus adapting to technological advancements. Rules introduced in 2021 that covered AI algorithms targeted recommendation systems; regulations introduced in 2022 addressed deep synthesis; and measures introduced in 2023 responded swiftly to the generative AI wave triggered by the emergence of ChatGPT. While this agility ensures regulatory relevance, it imposes adaptation pressures on businesses – particularly foreign firms. As of March 2025, all 346 enterprises completing generative AI service filings were domestic entities, highlighting substantive market access barriers for foreign players. Meanwhile, China's AI standardisation framework, last updated in 2024, has tightened compliance demands (particularly around data source traceability and algorithm transparency). While this raises operational thresholds for all market entrants, it may also

1 '2025 Government Work Report,' (政府工作报告), the State Council of the People's Republic of China, March 2025

2 Ibid.

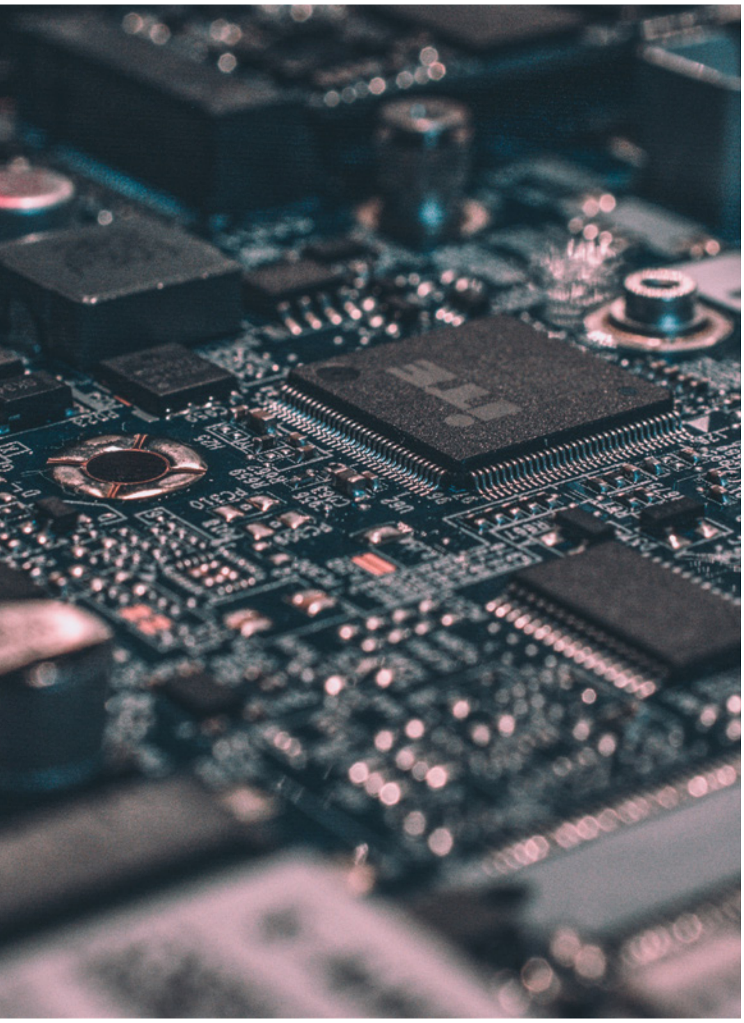
3 'Next-Generation Artificial Intelligence Development Plan,' (新一代人工智能发展规划), the State Council of the People's Republic of China, July 2017

4 'Interim Measures for the Management of Generative AI Services,' (生成式人工智能服务管理暂行办法), Cyberspace Administration of China, July 2023

consolidate advantages for local players already aligned with regulatory expectations.

CHALLENGES FOR UK ENTERPRISES

According to the Chamber's *Business Sentiment Survey 2024-2025*, 35% of British businesses in China expect having access to AI technology to have a positive impact on their prospects.[5] However, UK businesses face multifaceted challenges in China's AI market, especially around market access uncertainties. While the filing system does not explicitly restrict foreign investment, the absence of any wholly foreign-owned AI products among approved filings suggests particular challenges for international businesses. In practice, this suggests foreign firms face higher scrutiny or unspoken hurdles - such as opaque licensing criteria, preferential treatment for domestic players, or conflicts with data governance rules. For example, under the *Data Security Law*, cross-border data flow restrictions clash with AI's need for large-scale training data.[6] UK firms in sectors dealing with lots of data deemed sensitive, such as finance and healthcare, report particular difficulties: they must localise data storage, undergo lengthy security assessments for outbound transfers and still struggle to gather sufficient datasets, putting them at a competitive disadvantage against local rivals with unfettered data access.



In specialised applications, regulatory frameworks misalign with UK technological strengths. For instance, UK leadership in geospatial AI is hampered by rules surrounding national security and high-precision mapping data, restricting foreign firms' access to critical datasets in China. In finance, while homogeneous risk models may propagate systemic risks, current oversight prioritises content safety over domain-specific vulnerabilities. Ambiguities in IP protection – particularly for AI-generated content – compound legal risks, stifling technology transfer. These structural mismatches constrain UK firms in sectors such as sports and publishing, who are seeing their product being imitated by AI platforms without proper permission.

Recommendations:

- Introduce a whitelist system for foreign AI product filings, piloting in free trade zones with clear timelines to enhance market access transparency;
- Establish dedicated service counters for foreign AI firms, offering one-stop policy guidance to streamline compliance;
- Adopt a tiered approach to cross-border data management, combining negative lists with security assessments for R&D data;
- Develop an AI training data copyright verification platform to authenticate sources and ensure compliance;
- Strengthen regulatory coordination between central government, local government and industry to unify data enforcement standards and minimise discrepancies;
- Publish quarterly policy interpretations and FAQs to improve regulatory predictability;
- Formulate sector-specific rules for finance, healthcare and other critical industries, issuing best practice guidelines;
- Implement risk-based tiered oversight frameworks tailored to AI application scenarios;
- Foster UK-China regulatory dialogues to align on ethics standards and certification mutual recognition;
- Support industry participation in global standard-setting bodies (such as the ISO) to amplify influence in AI governance.

5 'British Business in China: Sentiment Survey 2024-2025'

6 'Data Security Law of the People's Republic of China,' (中华人民共和国数据安全法), Cyberspace Administration of China, June 2021

TRANSPARENCY AND ENFORCEMENT OF LEGISLATION

OVERVIEW

Transparency and enforcement of regulations remain primary concerns for British businesses. According to the Chamber's *Business Sentiment Survey 2024-2025,* transparency of the business environment was the second-most cited challenge among all businesses surveyed, reflecting persistent concerns over the clarity and consistency of China's regulatory approach.[1] Enforcement of legislation followed closely in third place, with companies in education, advanced manufacturing and IT & technology all reporting particular difficulties due to increasingly inconsistent sectoral oversight. These issues have now ranked among the top three regulatory challenges for two consecutive years, underscoring the need for clearer policy commitments to reduce uncertainty in an often opaque operating environment.

A lack of consistent communication between businesses and the relevant Chinese authorities creates many of these challenges. The UK government is able to play a major role in facilitating this communication, with initiatives such as the UK-China Economic and FInancial Dialogue (EFD). This high-level communication has already seen meaningful changes for businesses in the food, beverage and agriculture sector and in K-12 education – both of whom are reporting greater government outreach since the EFD. Following on from EFD, there is hope that further industry-specific dialogues and the reactivation of the Joint Economic and Trade Commission (JETCO) will further facilitate communication with government and in turn improve transparency over the intention of policy for British businesses.

REGULATORY APPROVAL PROCESSES LACK TRANSPARENCY AND PREDICTABILITY

A common challenge across the financial services, creative, and healthcare sectors is the lack of clear, predictable regulatory processes; an issue that creates uncertainty for businesses operating in or entering the Chinese market. In financial services, firms face delays and ambiguity in administrative filings, capital adjustments and shareholder amendments, complicating long-term strategic planning. The creative sector struggles with opaque content review mechanisms, where approval timelines and modification requirements are often unclear, leading to inefficiencies in market entry. Similarly, healthcare companies encounter inconsistent product registration and compliance procedures, delaying the introduction of innovative treatments. Greater transparency in regulatory framework – including published timelines, standardised procedures and clearer compliance criteria – would reduce operational risks, improve resource allocation and encourage sustained foreign investment. A more structured approach would also align with China's broader goals of fostering a stable, competitive business environment.

Recommendations:

- Introduce publicly accessible guidelines detailing expected processing times for approvals of administrative tasks;
- Provide clear timely updates on procedural changes and address specific queries from businesses;
- Pilot fast-track approval mechanisms for low-risk or repeat applications to streamline administrative burdens.

1 'British Business in China: Sentiment Survey 2024-2025,' British Chamber of Commerce in China, December 2024

INCONSISTENT ENFORCEMENT AND COMPLIANCE REQUIREMENTS

Disparities in how regulations are interpreted and enforced pose significant challenges for foreign enterprises. In financial services, cybersecurity and data compliance rules are frequently updated, yet implementation varies across provinces and cities, creating compliance difficulties. Businesses in the creative industry face subjective content adjustments, where standards may differ between regulators, leading to last-minute modifications or rejections. Healthcare firms encounter similar inconsistencies in product testing and labelling requirements, increasing costs and delaying market access. Businesses in the sports and creative industries have suggested there are differences in enforcement of legislation in different provinces. Harmonising enforcement practices through clearer directives, training for local regulators and case-based guidance would enhance fairness and reduce arbitrary decision-making. Greater consistency would also improve China's reputation as a reliable market for international collaboration.

Recommendations:

- Develop sector-specific compliance handbooks with real-world examples to illustrate acceptable practices and common pitfalls;
- Improve sector-specific tracking of enforcement decisions, ensuring alignment with national standards.

LIMITED ENGAGEMENT BETWEEN REGULATORS AND INDUSTRY STAKEHOLDERS

The absence of structured dialogue between policymakers and businesses exacerbates misunderstandings and slows progress on regulatory improvements. Financial institutions, creative enterprises and healthcare providers often operate with minimal insight into upcoming regulatory shifts, leaving them reactive rather than proactive. For instance, sudden changes in data laws or content restrictions can disrupt business models without sufficient transition periods. Regular, institutionalised consultations, such as biannual roundtables or joint working groups, would allow regulators to communicate policy intentions while giving industry a platform to voice practical concerns. This would foster mutual trust, reduce compliance risks and facilitate smoother adaptation to regulatory changes.

Recommendations:

- Expand consultation channels with licensed foreign chambers of commerce to improve structured feedback on regulatory impacts;
- Launch a permanent cross-sector advisory council comprising regulators, industry representatives and legal experts to review proposed regulations before implementation;
- Host quarterly policy briefings for foreign businesses to explain upcoming changes and address sector-specific concerns.

OBTAINING CERTIFICATES AND LICENCES

OVERVIEW

Obtaining business certificates and licences is essential for foreign firms' daily operation in China and it continues to be a key concern shared among British businesses. In the British Chamber's *British Business in China: Sentiment Survey 2024-2025,* it ranked 4th among reported regulatory challenges across all sectors represented by the Chamber.[1] It remains on the list of top challenges for firms in sectors such as education, financial services and legal services. This issue is particularly challenging for small and medium-sized enterprises (SMEs), for whom licensing ranks as the second-largest regulatory challenge. Many SMEs are not well equipped to deal with the lengthy administrative processes often involved in applying for a relevant licence.

While there have been limited signs of progress in specific areas – such as the easing of restrictions for classic car imports within certain free trade zones – the overall picture remains one of slow and unclear processes with limited transparency. British companies continue to report slow and inconsistent approvals, with several pointing to licensing as an area in which otherwise viable investment is being held back by bureaucratic inertia or opaque decision-making.

Across a range of sectors, companies describe difficulty in understanding or even accessing the appropriate certification and licensing procedures. In several cases, applications have stalled or failed to progress without clear explanation from the relevant authorities. A particularly long-running example is in design licences, where there remains a great deal of discussion at official levels – including a reference of 'further technical discussions' in the 2025 Economic and Financial Dialogue (EFD) – but little tangible movement.[2] Member companies have conveyed a sense of policy fatigue, noting that engagement and discussions is not necessarily translating into regulatory improvement.

A DISPROPORTIONATE BURDEN ON SMEs

While licensing poses challenges for businesses of all sizes, its impact on small and medium-sized enterprises (SMEs) is particularly acute. In last year's *Business Sentiment Survey*, obtaining licences and certificates ranked as the second biggest regulatory challenge for SMEs operating in the Chinese market – in contrast to multinational corporations (MNCs), for whom the issue did not appear among their collective top five regulatory concerns. This disparity reflects both the resource constraints SMEs face and the broader structural disadvantages they experience in navigating the often opaque regulatory environments.

Licensing procedures are frequently described as complex, repetitive and inconsistent. Unlike larger firms, SMEs often lack the internal legal or compliance resources needed to manage long application processes or respond to shifting requirements. Several members reported that certain licences overlap or require similar but separate filings across departments, creating an additional administrative burden that is difficult for smaller firms to absorb.

There is also a perception among many SMEs that larger companies are sometimes afforded preferential treatment, whether through more streamlined approvals or greater access to regulatory guidance. This not only erodes confidence in the system but also discourages smaller British firms from committing further investment in the market.

While slower procedures are often a fact of regulatory life, it is essential that licensing pathways are predictable, proportionate and accessible to all market participants regardless of size.

1 'British Business in China: Sentiment Survey 2024-2025,' British Chamber of Commerce in China, December 2024

2 '2025 UK-China Economic and Financial Dialogue: policy outcomes,' HM Treasury, January 2025

SECTOR-SPECIFIC LICENSING BARRIERS: A KEY CONSTRAINT ON MARKET PARTICIPATION

Licensing remains a consistent and cross-cutting challenge across a wide range of sectors, limiting British businesses' ability to expand, invest and operate effectively in China. While the nature of the licensing barriers differs by sector, the underlying issues are similar: complex processes, opaque standards and inconsistent or delayed approvals.

The impact of licensing constraints is strong in legal services; the sector ranked obtaining business certificates and licences as the second biggest regulatory challenge in the Chamber's most recent *Business Sentiment Survey*. British law firms are not permitted to practise Chinese law directly and qualified Chinese lawyers who join foreign firms are required to suspend their legal practising certificates. This restriction significantly narrows the scope of legal services that international firms can offer and creates a dual burden of compliance for those attempting to navigate both domestic and international client needs.

In the financial services sector, licensing is the fourth most frequently cited regulatory issue. Firms report limitations in the approval of overseas investment products and continued uncertainty around Qualified Domestic Institutional Investor (QDII) quotas. A lack of clarity on licence renewals and application procedures adds to the perception that licensing in this sector is both unpredictable and vulnerable to ad hoc changes.

The challenge is even more acute in sectors where physical or public-facing activities are central to business models. In the sports and creative industries, licences for holding events in China are often subject to long and opaque approval processes. Businesses report requirements such as submitting full artist or athlete line-ups months in advance and navigating approvals that can be withdrawn or delayed without explanation. For many companies, this acts as a deterrent to entering the market or scaling up operations, especially in live performance and touring activities.

In the automotive, manufacturing and transportation sector, licensing remains a key hurdle despite recent progress. In 2024, the Chinese government approved the import of classic cars within specific free trade zones, which was a welcome development following continued advocacy by the British Chamber. Despite this, companies continue to report that roadworthiness certificates recognised internationally are not always accepted domestically – even in free trade zones – preventing imported cars from receiving the necessary licences to be legally driven.

The healthcare sector, which ranks licensing as its fifth biggest challenge, continues to face sluggish medicine approval timelines compared with international benchmarks. While some fast-track pathways exist, member companies report that they are inconsistently applied. This creates uncertainty around product launch timelines and deters further investment in innovative treatments, including in areas such as chronic diseases and over-the-counter (OTC) medicines.

The hospitality, travel, tourism and leisure sector cited obtaining certificates and licences as the number one regulatory issue. Companies report that licensing for events, accommodation and tourism services remains unpredictable and overly bureaucratic, creating a barrier to expansion and dampening investor confidence at a time when China is seeking to revive inbound and domestic tourism.

Across these sectors, the British Chamber continues to call for licensing reform that improves transparency, predictability and fairness. For British businesses in China, the goal is not deregulation, but a regulatory environment that supports open competition and enables viable investments to proceed without unnecessary administrative friction.

Recommendations:

- Establish clear, time-bound procedures for licence approvals across sectors, with publicly available processing timelines and defined service standards;
- Increase transparency in licensing decisions by requiring written explanations for delays, rejections or stalled applications;
- Develop targeted support mechanisms for SMEs navigating administrative licensing processes, including consolidated guidance and direct liaison channels;
- Expand the use of fast-track approval pathways for low-risk products and services, particularly those with existing international certifications;
- Promote mutual recognition and regulatory alignment through structured engagement between Chinese and UK regulators, including joint working groups in sectors such as healthcare and financial services;
- Grant temporary licences for classic cars to be driven in a number of approved areas.

INTELLECTUAL PROPERTY PROTECTION

OVERVIEW

Intellectual property (IP) protection re-entered the top five challenges for businesses in last year's *Business Sentiment Survey 2024-2025,* reflecting renewed concerns over safeguarding innovation and brand integrity.[1] These concerns are particularly pronounced in the healthcare, energy, and creative industries, where innovation and patents are critical.

The UK Intellectual Property Office (UK IPO) has actively engaged in high-level dialogues with Chinese authorities to strengthen IP protections, including enhancing administrative procedures, upgrading the Specialised Multi-Agency Response (SMAR) system and improving Public Security Bureau (PSB) enforcement. These efforts have garnered constructive responses, with Chinese regulators increasingly advocating for clearer interpretation and implementation of IP regulations, reflecting a top-down approach aimed at addressing both domestic and international stakeholders' concerns.

Enforcement on e-commerce platforms remains fraught with complexity due to the mixed features and functions of social media, live stream rooms and e-stores on many e-platforms, where private operators' profit motives often conflict with robust IP oversight. Performance varies widely across platforms, with some criticised for lax takedown processes and ambiguous enforcement timelines. Stronger private sector accountability and standardised procedures are needed to close these gaps.

Many British firms operating in China find that effectively protecting IP requires continuous adaptation to the country's dynamic regulatory environment. Complex procedures and decentralised infringement activities, especially in manufacturing and tech sectors, make proactive protection difficult. Luxury and technology companies report particular vulnerabilities in safeguarding core IP, highlighting the value of expert guidance.

Geographic disparities in IP enforcement persist across China, with economically advanced regions like Shanghai demonstrating more rigorous mechanisms. With the prevailing preference for civil resolutions over criminal prosecution, members have reported that post-pandemic administrative enforcement has shifted toward education rather than penalties, raising questions about long-term efficacy. British companies remain engaged with China's evolving IP landscape, with many expressing willingness to

1 British Business in China: Sentiment Survey 2024-2025,' British Chamber of Commerce in China, December 2024

collaborate with authorities on infringement identification and remediation, a partnership that could strengthen enforcement predictability and investor confidence.

STRENGTHENING CROSS-INDUSTRY IP FRAMEWORKS FOR TRADE AND INNOVATION

A robust intellectual property regime remains fundamental to driving innovation and facilitating trade across key sectors. For example, British firms are at the forefront of sports data analytics, employing cutting-edge methodologies to enhance athletic performance and strategic planning. Many have successfully established partnerships in China, supplying premium data insights to clubs and broadcasters. However, the proliferation of AI-powered data scraping threatens this competitive edge, with unauthorised actors harvesting and repackaging proprietary statistics, undermining legitimate businesses and stifling market growth.

Beyond sports, the food, beverage and agriculture sector continues to grapple with counterfeit goods, requiring strengthened geographical indication (GI) protections and aligned labelling standards. The creative industries face persistent hurdles in digital rights management, while emerging challenges around AI-generated content and the unauthorised use of copyrighted material in large language models (LLMs) further complicate the IP landscape. These issues underscore the pressing need for coherent, cross-sector frameworks to protect innovation and facilitate fair trade practices.

Recommendations:

- Enhance bilateral engagement on data IP protection, with particular focus on mitigating AI-driven data misappropriation;
- Reinforce geographical indication systems through rigorous verification protocols to combat counterfeit products;
- Introduce accelerated patent examination procedures for high-value innovations;
- Foster public-private collaboration to develop agile IP frameworks capable of addressing emerging technological challenges.

ADVANCING INTELLECTUAL PROPERTY PROTECTIONS IN HEALTHCARE INNOVATION

The healthcare sector requires a specialised intellectual property framework to support important innovations and ensuring patient access to life-saving treatments. China has taken encouraging steps to strengthen regulatory data protection (RDP), including the publication of the *Drug Clinical Trial Data Protection Implementation Measures (Draft)* for consultation.[2] A strong and predictable RDP framework will accelerate China's transition to an innovation-driven healthcare system, enhance global competitiveness and improve patient access to world-class medicines. International experience shows that clear RDP protection is directly linked to faster introduction of new drugs and more R&D investment. The UK, EU and US offer RDP frameworks that help ensure companies can recover research costs, giving them the confidence to prioritise early launches in those markets. China now has the opportunity to strengthen its ecosystem by fully implementing a globally aligned RDP system.

Recommendations:

- Continue to establish clear guidelines on data exclusivity periods and clarify compensation mechanisms for first-to-market drugs;
- Ensure equal treatment for imported and domestic innovative drugs;
- Accelerate the implementation of the *Drug Clinical Trial Data Protection Implementation Measures (Draft)*.[3]

2 Drug Clinical Trial Data Protection Implementation Measures (Draft) (药品试验数据保护实施办法（试行，征求意见稿）), National Medical Products Administration, March 2025

3 Ibid.

ACCESS TO QUALIFICATIONS

OVERVIEW

For many British companies, especially in sectors including education, legal services, financial services and construction, limited recognition of qualifications remains a major regulatory issue that prevents companies from competing fairly in the Chinese market. This issue is particularly pressing for British firms in the built environment sector, where 'expanding recognition of international accreditations, qualifications and standards' has been a priority position for that industry in successive editions of the *Position Paper* since its inception. The sector registered the most pessimistic outlook in the Chamber's *British Business in China: Sentiment Survey 2024-2025*, with some firms reporting strategic withdrawals or scaling down of operations.[1] Addressing such long-standing issues that restrict British companies' ability to compete in-market, on a level playing field, would send a clear signal of China's intent to foster a more welcoming and predictable environment for foreign investment.

This year's *Position Paper* highlights qualification-related challenges in five industry-specific chapters, including in the education, legal services, financial services, creative and sports sectors, underscoring the need for regulatory clarity and improved recognition of internationally accredited qualifications. The Chamber has long advocated for reform in this area and welcomes the renewed efforts between the UK and China to address these issues through high-level bilateral engagement. British companies across industries are encouraged that the 2025 UK-China Economic and Financial Dialogue (EFD) included discussions on professional qualifications and skills, which companies recognise as a positive step forward.[2] The Chamber hopes that such a positive development will soon translate into practical outcomes for both UK and Chinese businesses.

ONLINE AND DIGITAL LEARNING

British professional and digital education providers face substantial barriers in China, primarily due to delays in approval processes and the limited recognition of online and hybrid learning formats. The lack of a clear regulatory framework for certifying these programmes – particularly those developed in partnership with international institutions – further complicates market entry.

All-round education providers, known globally for their accredited extracurricular learning programmes, encounter additional challenges due to the absence of formal recognition for their qualifications in China. Despite their international credibility, these qualifications are not listed among the approved credentials in China, particularly for non-academic subjects like music, performing arts and drama. This is a missed opportunity, as these disciplines complement the Ministry of Education's core curriculum and foster well-rounded skillsets.

To address these issues, a more inclusive and transparent regulatory framework would help facilitate international partnerships, enabling British providers to expand their reach and contribute to the growth of China's digital education sector, particularly in arts, music and vocational training.

1 'British Business in China: Sentiment Survey 2024-2025,' British Chamber of Commerce in China, December 2024

2 '2025 UK-China Economic and Financial Dialogue,' HM Treasury, January 2025

PROFESSIONAL QUALIFICATIONS

Challenges around professional qualifications are increasingly pressing for British business across sectors such as education, law and green finance.

In the education sector, schools in China continue to grapple with recruitment challenges, further complicated by visa processing issues and the government's reticence to recognise widely internationally accepted qualifications. The rigid framework for approving work visas prevents schools from accessing a diverse pool of qualified teachers, particularly those with expertise in specialised areas such as early years education. This restricts schools' ability to diversify their staff and enrich the learning experience for students. A more flexible approach to visa and qualification recognition would allow schools to access a deeper teaching talent pool and provide students with a broader array of educational perspectives.

In the legal sector, the restrictions on foreign law firms in China present challenges for both foreign firms and Chinese lawyers. Under current regulations, foreign law firms are prohibited from practising Chinese law, requiring Chinese-qualified lawyers to surrender their practising certificates upon joining a foreign firm. As a result, these lawyers are reclassified as 'Chinese legal consultants,' unable to represent clients on matters of Chinese law. This situation limits their role to providing only general information about Chinese law. In contrast, local law firms can offer services on both Chinese and foreign law, providing them with a clear competitive edge. This regulatory framework restricts foreign firms' ability to attract and retain top-level Chinese legal talent. A potential solution would be to introduce a pilot scheme enabling PRC-qualified lawyers to retain their practising licences when joining foreign firms in non-sensitive areas, such as commercial, corporate, and financial regulatory work. This could first be piloted in the GBA.

The green finance sector presents a unique opportunity for British expertise to support China's transition to a more sustainable economy. The 2025 UK-China Economic and Financial Dialogue (EFD) has highlighted the importance of green finance and capacity building.[3] UK professional bodies are keen to contribute their expertise in helping China build the necessary infrastructure and skills for its green finance sector. Such contributions could involve a range of activities, from training in sustainable finance to providing technical support for the development of China's green finance frameworks. The UK's technical expertise, especially in aligning finance with environmental sustainability, offers valuable support for China's green transition, advancing shared environmental and economic goals between the UK and China.

VOCATIONAL EDUCATION

Vocational education is a key priority for the Chinese government, which is aiming to improve employment quality and workforce skills across industries. British providers can support this goal by providing vocational qualifications, particularly in the sports and creative industries. In line with the dialogue on skills and professional qualifications agreed in the EFD , British expertise can help drive forward China's vocational education initiatives, ensuring both high-quality employment and broader sector growth.[4]

In sports, the introduction of more UK qualifications can help develop a stronger, more diverse coaching workforce across the country. As China seeks to encourage greater physical activity, particularly at the grassroots level, British qualifications in sports coaching can play a pivotal role. These qualifications will not only contribute to improving local sports standards but also create quality jobs, supporting China's long-term goals for healthier, more active communities.

In the creative sector, China's contemporary music industry, though growing, lacks formal pathways for professional qualifications beyond instrumental expertise. UK qualifications in areas such as songwriting, audio mixing and sound engineering offer a structured framework that can help nurture talent, raise industry standards and attract investment. Supporting the development and recognition of related qualifications will create high-quality employment opportunities and help grow China's creative industries in line with its broader economic ambitions.

Recommendations:

- Accelerate mutual recognition of international qualifications and online learning;
- Allow lawyers qualified in the Greater Bay Area (GBA) to practice Chinese law on behalf of foreign law firms;
- Increase access to British qualifications in sports to support the development of local coaches and trainers in the sports sector;
- Promote holistic education in professional qualifications for the contemporary music industry to raise awareness of the required standards.

3 '2025 UK-China Economic and Financial Dialogue'

4 '2025 UK-China Economic and Financial Dialogue'

This paper was finalised in early May 2025, shortly before trade meetings were held between the US and China in Switzerland. The thoughts on this piece are reflective of discussions held with members between the introduction of so-called "Liberation Day" tariffs on 02 April 2025 and 30 April 2025.

SUPPLY CHAIN VOLATILITY

OVERVIEW

Manufacturing in China plays an important role in supply chains for British businesses. Many British companies, including large corporations, medium-sized companies and smaller operators, maintain manufacturing facilities in China or source from the country. These businesses are diverse in terms of scale and product type, with different challenges being posed by increasing tariffs and their effect on supply chains.

British multinational companies (MNCs) with operations in China have been evaluating the impact of tariffs for some time, taking steps to mitigate their effects on supply chains. One British company publicly described themselves as 'hoping for the best and planning for the worst,' with the company suggesting building two completely separate supply chains to circumvent trade tensions.[1]

Localisation of manufacturing within China was a trend already identified in last year's *British Business in China: Sentiment Survey 2024-2025* – even before recent escalations of tariffs – with companies positioning their China facilities as regional hubs to enter other markets.[2] Of those surveyed, half of advanced manufacturing and technology (AMT) firms identified production in China for global export as their primary growth opportunity, with 25% of MNCs suggesting using China as a hub to expand into other areas.

Smaller manufacturers in China, particularly those producing specialised goods for export to Europe and the US, are more vulnerable to the impacts of rising tariffs. These businesses often face more limited resources than larger companies and have less flexibility to adapt to changes in trade policy. The increased cost of tariffs can affect their pricing structure, profit margins, and competitive position in international markets.

TARIFF VOLATILITY AND MARKET ACCESS UNCERTAINTY

The introduction of tariffs on trade between the US and China has created sudden and significant disruption for British businesses operating in China, particularly those involved in manufacturing. While firms had anticipated policy shifts with the change in American administration, the speed and severity of the tariff measures have exceeded expectations, forcing companies to quickly assess the viability of their strategies and adapt to the new reality.

Small and medium-sized enterprises have been hit hardest. SMEs lack the diversification and operational flexibility of larger multinationals, leaving them more exposed to sudden market changes. Beyond that, the industries most affected are those that depend heavily on access to both the Chinese and US markets. Rising costs and logistical bottlenecks are hitting both established manufacturing sectors, like consumer electronics, as well as those with a smaller presence in the market, such as outdoor equipment and fitness. The education sector has been similarly impacted, with many British companies concerned over potentially being hit by tariffs on US imports, including academic publishing, teaching resources and cross-border financial transactions, which would inflate costs. Other manufacturers have been hit due to the import of other US goods which are vital to production in China, such as standard parts.

British companies are facing a growing cost burden due to the scale of new US tariffs, with one manufacturer reporting a 175.3% tariff on metal goods exported from China to the United States – an increase that has forced a rapid reassessment of pricing, strategy and viability. At the same time, companies are encountering serious logistical challenges, with some unable to get shipments accepted onto boats. One firm noted that 60% of its operations rely on exports to the US from China, meaning it must urgently find a solution for managing stock or risk substantial financial losses.

1 'AstraZeneca to build Chinese supply chain as US-Sino tensions increase,' Financial Times, May 2024

2 'British Business in China: Sentiment Survey 2024-2025,' British Chamber of Commerce in China, December 2024

In this environment, companies are pausing and reassessing their strategies. Many exporters and importers are in a holding pattern, waiting for signs of de-escalation before committing to further shipments. Some have moved goods into bonded storage in the US, delaying clearance in case tariffs are lifted. Others are temporarily warehousing goods in Canada, though this option is increasingly constrained by capacity limitations. Attempts to reroute goods through Southeast Asia have also become more complex due to mounting compliance risks.

For now, most companies are watching closely but holding tight. In theory, the suspension of business with the US – China's largest trading partner – would lead to an increased focus on trade with other countries. However, this shift is unlikely to occur rapidly and businesses will need to watch developments closely over the coming months to determine how the situation evolves. Until then, the uncertainty around tariffs and market access will continue to create challenges for British businesses.

RISKS OF INCREASED DUMPING

As exporters from China, including some British companies, face mounting tariffs from the United States, concerns are growing that excess goods originally bound for the US may be diverted to other markets, including Europe and potentially the UK. This has reignited long-standing allegations and fears around Chinese dumping and the distortion of global trade flows.

The European Union has already responded with a firm stance. European Commission President Ursula von der Leyen recently stated that the EU 'will not tolerate' Chinese goods subject to US tariffs being redirected into the European market, adding that Brussels would take safeguards if such patterns are detected.[3] von der Leyen noted that Chinese Premier Li Qiang had pledged to stimulate domestic consumption to prevent market flooding, but that may prove difficult.

The UK has also moved swiftly to assess and contain risks of import surges. Chancellor Rachel Reeves announced a package of measures designed to defend fair competition, including a review of the Low Value Imports regime; the Trade Remedies Authority has also been tasked with stepping up monitoring and enforcement to accelerate protections against practices such as product dumping.[4] These steps signal a clear intent from the UK to uphold a level playing field for British business in a shifting global trade environment.

For the UK, dumping poses a risk of increasing trade tensions at a time when stable relations are needed. While it is natural for Chinese firms to seek new buyers, particularly in the UK and Europe, it is critical that there is open communication and transparency to avoid unintended consequences. Rising friction would benefit neither Chinese exporters nor British businesses seeking predictable market conditions.

Recommendations:

- Negotiate bilateral agreements to maintain reduced rates for critical exports like whisky;
- Establish government-backed financial instruments to help SMEs diversify supply chains and absorb tariff costs;
- Encourage Chinese domestic consumption to reduce export pressure and avoid future trade tensions.

3 'EU could tax big tech if Trump trade talks fail, says von der Leyen,' Financial Times, April 2025

4 'Chancellor unveils plans to maintain level playing field for British business,' HM Treasury, April 2025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INDUSTRY REPORTS

CREATIVE SECTOR

SUB-SECTORS

Publishing

Music

Arts

Culture

Architecture

OUR POSITION

1. Strengthen IP protection and address digital piracy in publishing
2. Reform research evaluation and enhance global academic engagement
3. Provide government sponsorship to youth cultural exchange programmes to help develop the industry
4. Promote holistic education in China's growing contemporary music industry
5. Enhance content review transparency to support cultural exchange and industry growth
6. Strengthen IP protection for cultural products to support business and industry development

STATE OF THE SECTOR

LOOKING BACK

Over the last year, British creative firms in China experienced a blend of opportunities and challenges. In the British Chamber's *British Business in China: Business Sentiment Survey 2024-2025*, British creative firms reported improved market access – only 30.8% experienced restrictions, about 20% fewer than the previous year.[1] In 2022, China's creative industry achieved operating income of RMB 16.5 trillion (GBP 1.7 trillion) and total profit of RMB 1.3 trillion (GBP 134 billion).[2] With economic development and rising personal incomes, demand for cultural products and services is continuously growing.

British creative companies contribute to the sector's growth by exporting high-quality products. With improved market access, the Royal Philharmonic Orchestra returned to China in 2024 for the first time since their 2017 China tour.[3] Several English pop icons have toured China, including Ed Sheeran in 2025, supporting the industry.[4] Additionally, British publishing continues to play an integral role in fostering international cultural exchange. Books, academic articles, and digital content produced by British publishers are being increasingly shared across China, contributing to the growing demand for educational and cultural material. British architecture and built environment firms have welcomed recent commitments in the EFD to improve access to design licences, but practical barriers such as high capital thresholds and unclear approval pathways remain.

Despite these positive developments, British firms generally felt less welcome last year, citing a growing trend of local protectionism and self-sufficiency as a key concern in the *Business Sentiment Survey 2024-2025*.[5] The publishing sector in particular faces challenges related to intellectual property protection, with issues such as digital piracy and the evolving use of artificial intelligence complicating the landscape. Cultural differences between the UK and China also necessitate careful consideration of adoption when entering each other's markets.

FUTURE OPPORTUNITIES

Open access publishing has gained momentum in China, and the UK's expertise in this area provides a platform for future cooperation. Open access, which allows unrestricted online access to research outputs, fosters innovation and supports global academic collaboration. The potential for British publishers to contribute to China's evolving digital publishing landscape is substantial, especially given the increased demand for academic and scientific content that meets global standards.

China's advantages in digital content creation and dissemination coupled with the UK's extensive experience in creative design and technological application creates strong opportunities for collaboration. The UK's creative industry is now identified as one of the eight growth-driving sectors in the *Invest 2035: the UK's modern industrial strategy*, accounting for 67% of the UK's digital exports in 2021.[6] Additionally, further dialogues and technical exchanges in the 'culture and creative' sector are outlined in the Policy Outcomes document from the 2025 UK-China Economic and Financial Dialogue (EFD), showcasing the potential resumption of UK-China collaboration and alignments in policy areas that have long been paused.[7] These opportunities are especially pertinent to the publishing sector, where collaboration on IP protection, digital content distribution and open access models will allow both the UK and China to benefit from increased knowledge exchange and innovation. The Chamber welcomes these cooperative initiatives, which benefit both parties by leveraging their respective strength to explore further opportunities.

1 'British Business in China: Sentiment Survey 2024-2025,' British Chamber of Commerce in China, December 2024

2 'Creative Economy Outlook 2024,' UNCTAD, July 2024

3 'Top British orchestra returns to delight Chinese audience,' China Daily, August 2024

4 'Ed Sheeran to perform exclusive China concerts in Hangzhou in 2025,' The Information Office of Hangzhou Municipal People's Government, December 2024

5 'British Business in China: Sentiment Survey 2024-2025,' British Chamber of Commerce in China, December 2024

6 'Invest 2035: the UK's modern industrial strategy,' UK Government, November 2024

7 '2025 UK-China Economic and Financial Dialogue: policy outcomes,' UK Government, January 2025

OUR POSITION

PUBLISHING

1 STRENGTHEN IP PROTECTION AND ADDRESS DIGITAL PIRACY IN PUBLISHING

The academic publishing sector in China faces several challenges related to IP protection, particularly in the context of digital piracy and the growing use of AI.

Publishing companies are increasingly finding that their content is being used without permission, not only through traditional piracy but also as part of AI training processes. Many AI companies have been known to scrape content from websites, including piracy platforms, to train large language models (LLMs), often without securing the necessary authorisations. This poses a concern for publishers, making it difficult for them to protect and monetise their work. At the same time, the regulatory framework around AI and data mining is still evolving, leaving a gap in the protection of IP in this area.

Alongside AI challenges, digital piracy continues to disrupt the academic publishing market. While there have been efforts to improve platform governance and combat piracy, unauthorised content distribution remains widespread, particularly through social media and online marketplaces. This ongoing issue has a detrimental effect on the sustainability of legal content distribution, with smaller publishers often facing more difficulties in competing with pirated content. It also undermines trust between publishers, users, and platforms, which is essential for a healthy publishing ecosystem.

There is a need for clearer and more coordinated regulatory measures to help publishers protect their IP in both the traditional and digital realms. A well-established and enforceable regulatory framework would support the ongoing development of digital content and AI, while ensuring that IP rights are respected and fair market competition is maintained.

Recommendations:

- Foster a transparent, enforceable, and collaborative regulatory framework for digital content governance in China that balances innovation with respect for IP rights;
- Strengthen existing anti-piracy measures, ensuring that platforms, social media, and online marketplaces are held accountable for the distribution of pirated content;
- Develop clear regulations around the use of published content for AI training, ensuring that publishers' rights are protected and that AI companies seek permission before using protected works;
- Create more fora for collaboration between Chinese authorities, publishers, and technology companies to create a fair and sustainable digital content ecosystem that supports innovation while safeguarding the IP of content creators;
- Continue to improve collaboration between the UK and China to create fora for discussion on IP protection in publishing, particularly in the context of AI, to establish clearer standards and practices benefiting both markets.

2 REFORM RESEARCH EVALUATION AND ENHANCE GLOBAL ACADEMIC ENGAGEMENT

China has made notable strides in reforming its research evaluation system, particularly through initiatives such as the Ministry of Science and Technology (MOST)'s *Several*

measures to eliminate the bad orientation of 'only papers' in scientific and technological evaluation.[8] and the Ministry of Education (MOE) and MOST's joint *Suggestions on Standardising the Use of SCI Paper Indexes.*[9] These reforms aim to promote a more comprehensive and meaningful assessment of research quality, which is a positive development.

However, challenges remain due to the fragmented nature of the evaluation system, inconsistent criteria, and the existence of multiple blacklists, such as the China Association for Science and Technology (CAST)'s *Tiered Directory of High-Quality Scientific Journals* and whitelists such as the China Academy of Science (CAS)'s *Early Warning List.*[10] These issues can undermine the credibility, transparency and fairness of evaluations. Additionally, while the policy focus on encouraging the domestic publication of research outputs is important, it is equally critical to maintain alignment with international academic standards and ensure that global academic exchange remains open and accessible.

In light of increasing geopolitical tensions and international uncertainties, fostering sustained and strategic engagement with the global academic community is essential to preserve research integrity, maintain global competitiveness and enhance China's international academic reputation.

Recommendations:

- Promote structured and strategic engagement with international academic publishing communities to align research evaluation standards with global best practices;
- Support the growth of high-quality China-based English-language journals to improve global visibility and academic collaboration, which would help enhance the accessibility and impact of Chinese research on the international stage;
- Ensure fairness, transparency and consistency across research evaluation systems to strengthen trust in academic assessments and improve the credibility of China's research output;
- Encourage ongoing international dialogue, especially between China and the UK, to ensure that China remains an active participant in global academic exchange while upholding the integrity and competitiveness of its research landscape.

8 'The Ministry of Science and Technology issued the notice on several measures to eliminate the bad orientation of "only papers" in scientific and technological evaluation (for trial implementation),' (科技部印发《关于破除科技评价中"唯论文"不良导向的若干措施（试行）》的通知), The Ministry of Science and Technology, February 2020

9 'The Ministry of Education and the Ministry of Science and Technology issued the "Several Opinions on Standardising the Use of Relevant Indicators of SCI Papers in Colleges and Universities and Establishing a Correct Evaluation Orientation,"' (教育部、科技部印发《关于规范高等学校SCI论文相关指标使用 树立正确评价导向的若干意见》), The Ministry of Education, February 2020

10 'Early Warning Journal List,' (国际期刊预警名单), China Academy of Science
'Announcement of the fourth edition of the Classification Catalogue of High-quality Scientific and Technological Journals,' (高质量科技期刊分级目录总汇第四版发布公告), China Association for Science and Technology, December 2024


Credit - Marc Brenner

ARTS AND CULTURE

3 PROVIDE GOVERNMENT SPONSORSHIP TO YOUTH CULTURAL EXCHANGE PROGRAMMES TO HELP DEVELOP THE INDUSTRY

Currently, youth cultural exchange programmes sending Chinese students to the UK rely to a great extent on family sponsorship, which limits their scope. Such programmes offer Chinese youth and young musicians the opportunity to experience the UK's rich cultural scenes, for example, by visiting regional musical theatre productions or even performing in London. British creative companies possess the expertise required to provide these services, thereby contributing to China's youth education and enhancing UK-China people-to-people cultural exchange.

However, programmes that rely solely on family sponsorship are difficult to sustain, as such support can be unstable. Investment in youth education within the creative sector will directly influence its future development and growth. Successful government-level sponsorship will enable the hosting of cultural exchange programmes, nurturing the next generation of creative-sector talent.

Recommendation:
- Launch government sponsorship to help realise youth cultural exchange programmes between the UK and China.

4 PROMOTE HOLISTIC EDUCATION IN CHINA'S GROWING CONTEMPORARY MUSIC INDUSTRY

A lack of recognition for professional qualifications is hindering the progress of China's burgeoning contemporary music industry. Professionals in this sector require expertise beyond instrumental proficiency, including songwriting, audio mixing, lighting design and sound engineering. In more mature markets such as the UK, clear pathways and frameworks exist for obtaining professional qualifications. Established platforms that nurture and develop talent will attract further investment in the industry, accelerating growth and boosting tax revenues.

Recommendations:
- Promote holistic education in professional qualifications for the contemporary music industry to raise capabilities in events and encourage investment in the sector;
- Encourage a collaborative environment in which British businesses support local vocational schools in China.

5 ENHANCE CONTENT REVIEW TRANSPARENCY TO SUPPORT CULTURAL EXCHANGE AND INDUSTRY GROWTH

The creative industries are a core part of the UK's economy and a key strength in the UK-China relationship, supporting growth in sectors such as film, television, publishing, theatre and design. However, British creative works entering the Chinese market often face regulatory uncertainty, including opaque content review processes and requirements for content adjustment based on cultural sensitivities.

While cultural differences are a natural feature of international collaboration, the lack of predictability in approval procedures can limit the ability of creative enterprises to plan, invest and deliver content to Chinese audiences. Improving the clarity and consistency of content regulation would not only encourage greater market participation but also support cultural understanding and exchange between the UK and China.

Increased dialogue between regulators and creative industries could help address differences in content standards, promote mutual understanding and enable the introduction of high-quality, culturally adapted creative works to new audiences.

Recommendation:

- Enhance transparency and predictability in content review processes for cultural and creative products to foster greater market access and encourage sustainable UK-China cultural exchange.

6 STRENGTHEN IP PROTECTION FOR CULTURAL PRODUCTS TO SUPPORT BUSINESS AND INDUSTRY DEVELOPMENT

The arts and culture industry relies heavily on strong IP protection. Concerns around IP protection have long been a top challenge for sectors such as music, film, and live theatre, as highlighted in numerous editions of the Chamber's *Business Sentiment Survey*. Protecting IP is vital not only for the sustainability of British cultural exports but also for promoting the healthy development of cultural trade with China. Strengthening IP safeguards will ensure that British content in all its forms, whether music, film or live theatre, is protected as it reaches Chinese audiences.

With growing recognition of the importance of IP protection, this year's EFD placed special emphasis on enhancing cooperation on IP commercialisation, enforcement, and protection. This creates a crucial opportunity for the UK and China to work together on fostering a more secure environment for the arts and culture industries to thrive. The Chamber recommends furthering IP dialogue specifically within the context of British cultural exports, addressing the unique challenges faced by the arts and culture sectors in China.

In addition to enforcing IP rights, it is essential that foreign cultural companies, including British producers, are encouraged to publish their content in China. While the process of releasing foreign content in China can be complex, there are strategic approaches that can help safeguard IP, ensuring that British arts and culture can flourish in the Chinese market.

Recommendations:

- Strengthen cooperation on IP protection within the arts and culture sector, focusing on safeguarding British cultural content in China;
- Encourage foreign businesses, particularly in the arts and culture sectors, to publish and distribute their content in China by improving IP safeguards and reducing the complexities of content publication.

EDUCATION

SUB-SECTORS

Early Years & K-12

Higher Education

EdTech

Qualifications

OUR POSITION

1. Ensure clarity and consistency on the negative list for education providers
2. Accelerate mutual recognition of international qualifications
3. Encourage British investment through vocational governance clarity
4. Improve the quality of teachers in international schools
5. Increase the number of British students and graduates in China
6. Strengthen higher education engagement and degree recognition

STATE OF THE SECTOR

British education organisations are struggling with balancing the headwinds in the Chinese and global economy, an ageing Chinese population and heavy regulation in the sector. Despite this, they remain committed to supporting young people in China.

According to the British Chamber's *British Business in China: Business Sentiment Survey 2024-2025*, released in December 2024, education sector respondents reported a slight decline in optimism for the upcoming year, from 50% to 48%.[1] British education organisations' willingness to invest further in China dropped from 36% to 31%, highlighting an increase in caution in the sector. Early-year and K–12 education providers identified a new primary challenge affecting their operations: a rapidly declining population combined with intensified competition for student enrolment.

Alongside this, the top regulatory concern changed from the 'enforcement of laws and regulations' to the 'recognition of professional qualifications.' This change marked a large shift in the space of only one year, with qualification recognition not featuring amongst the top five challenges in the British Chamber's *Business Sentiment Survey 2023-2024*. This change is perhaps reflective of complications in the sector linked to the *Services Negative List* referenced as our highest priority issue in last year's *Position Paper*.[2]

The Chamber has remained a key stakeholder in shaping education policy through sustained advocacy and constructive engagement. Following this, we have seen policy advancements such as measures to address data concerns and an expansion in the recognition of vocational qualifications. This expansion has brought tangible benefits to British education organisations operating in China by providing greater clarity and opportunities for institutions offering vocational training and professional development.

That being said, many of the positions raised in the following section were raised last year and have seen little tangible action or support from the government. In the Policy Outcomes document from the 2025 UK-China Economic and Financial Dialogue (EFD), conducted when UK Chancellor Rachel Reeves visited Beijing in January, China committed to 'promoting wider opening with regard to education and culture in a well-conceived way'.[3] We hope our recommendations below are not only well-conceived, but also mutually beneficial and highly supportive of young people in China.

1 'British Business in China: Sentiment Survey 2024-2025,' British Chamber of Commerce in China, December 2024

2 British Business in China: Sentiment Survey 2023-2024,' British Chamber of Commerce in China, December 2023; 'Special Management Measures for the Market Entry of Foreign Investment (Negative List) (2024 Version),' (外商投资准入特别管理措施 (负面清单) (2024年版)), National Development and Reform Commission and Ministry of Commerce, September 2024

3 '2025 UK-China Economic and Financial Dialogue: Policy Outcomes,' HM Treasury, January 2025

FUTURE OPPORTUNITIES

Despite the challenges, there are still opportunities for British education businesses in China. Second-tier cities, in particular, present growth potential, offering a less saturated and more accessible market for expansion. Geopolitical tensions, while posing some risks, also create opportunities. For example, deteriorating relations with the US might lead to increased demand for British education; UK boarding schools, universities, summer camps and short courses still provide life-changing opportunities to Chinese students. Conversely, many British education companies have reported being hit by tariffs on US imports, including academic publishing, teaching resources, and cross-border financial transactions, which inflates costs.

Investment in the education sector has shown some resilience, particularly in areas like education technology, vocational education, and K-12 schooling. British firms with expertise in these areas are well-placed to engage with and benefit from China's evolving educational landscape. In addition, there are areas where the UK provision is world-class, such as special educational needs (SEN), wellbeing and safeguarding, where there are clear opportunities for UK expertise if market access is granted.

Education is core to supporting the Chinese government's goals of attracting investment, development, economic growth and innovation. Ensuring that international education providers can operate effectively will contribute to these objectives. The British education sector, recognised for its high standards and innovative practices, has the potential to add substantial value to the Chinese market. With the right strategic approach and supportive policies, it can continue to play an important role in the development of education in China.

Importantly, the upcoming dialogues under the EFD, including technical exchanges on qualifications, people-to-people exchanges and a dedicated education dialogue, will provide crucial opportunities to address key issues within the sector.[4] These discussions will allow for engagement with Chinese authorities, creating a platform for the continued opening up of the sector. Aside from this, the Chamber would like to facilitate more engagement between member companies and the Ministry of Education.

4 '2025 UK-China Economic and Financial Dialogue: Policy Outcomes'

OUR POSITION

OVERALL

1 ENSURE CLARITY AND CONSISTENCY ON THE NEGATIVE LIST FOR EDUCATION PROVIDERS

The release of China's *Services Negative List* in April 2024, which outlined areas where foreign businesses are restricted or prohibited from operating, could yet have large implications for international education providers operating in the country.[5] One of the listed restrictions, on the independent provision of educational examinations by foreign entities, continues to raise questions regarding its scope, implementation and long-term impact.

Many international education service providers are actively working to ensure compliance, often in partnership with domestic institutions. However, uncertainty around how this restriction will be implemented, particularly at the local level, creates operational and strategic challenges. This is especially relevant for providers offering qualifications that support China's talent development goals and its wider international engagement.

Recommendations:

- Provide clarification on the definition and scope of 'educational examinations' and what constitutes operating 'independently;'
- Issue a clear implementation plan and timeline to allow education providers to adapt accordingly.

QUALIFICATIONS

2 ACCELERATE MUTUAL RECOGNITION OF INTERNATIONAL QUALIFICATIONS

British providers of holistic, professional, and digital education continue to face barriers to entering the Chinese market. These challenges largely stem from delays in the approval process and the limited recognition of online and hybrid learning formats. The absence of a clear regulatory framework for certifying such programmes, particularly those developed in partnership with overseas institutions, exacerbates these challenges and limits market access.

British enterprises that specialise in holistic education, known globally for offering high-quality accredited extracurricular learning programmes, encounter further difficulties in China due to the lack of formal recognition for their qualifications. Despite their global credibility, these qualifications remain absent from the list of approved credentials, and these providers are still subject to the *Negative List*.[6] This restriction affects non-academic courses such as music, performing arts, and drama, despite the crucial role these subjects play in China's educational framework by supplementing the Ministry of Education (MoE)'s core curriculum with meaningful content.

To resolve these issues, the creation of a clearer and more inclusive regulatory framework would enable China to enhance its educational offerings and attract more international partnerships. This would also help British providers expand their presence and contribute to the growth of China's digital education sector, particularly in fields like arts, music and vocational training.

5 'Clear negative lists to speed up services trade,' State Council, April 2024

6 ''Special Management Measures for the Market Entry of Foreign Investment (Negative List) (2024 Version),' (外商投资准入特别管理措施 (负面清单) (2024年版))

Recommendations:

- Streamline the certification process for online and hybrid programmes that reflect the growing demand for flexible, digital learning solutions;
- Expand the list of recognised vocational and professional qualifications to include more foreign providers, in order to support their provisions and allow international institutions to meet the evolving needs of the Chinese market;
- Create a whitelist of international education qualifications, with a focus on all round education fields like arts, sports and music education, to facilitate the streamlined recognition and certification of foreign qualifications.

3 ENCOURAGE BRITISH INVESTMENT THROUGH VOCATIONAL GOVERNANCE CLARITY

Vocational education is central to China's ambitions to cultivate a highly skilled workforce and drive growth across industries associated with new quality productive forces. British education providers have responded by seeking to establish vocational training institutions through local partnerships, particularly in areas such as creative and technical skills. However, progress is being held back by unclear governance structures and overlapping administrative responsibilities.

Companies face hurdles in navigating the regulatory landscape, particularly when their services span multiple government jurisdictions. Creative education providers, for instance, often deliver offerings that include teaching, media production and live performance. Each of these activities falls under the supervision of different bodies such as the MoE, Ministry of Human Resources and Social Security (MoHRSS) and Ministry of Culture and Tourism. If the training includes jointly delivered graded exams, which appear on the national negative list, further complications arise.[7] The result is a fragmented approval process that not only delays progress but also places a disproportionate burden on small and medium-sized enterprises that lack dedicated compliance teams.

Without clearer guidance, these institutions remain stuck in bureaucratic processes, stalling investment in a sector critical to China's economic priorities. The dialogues and technical exchanges on qualifications, the creative sector and education suggested in the EFD could be used as a platform to resolve these issues.

Recommendations:

- Issue clear national-level guidance for how vocational education institutions, particularly those in creative sectors, can be introduced and registered;
- Equip local authorities with specific instructions on how to support foreign-invested education institutions navigating multi-agency oversight.

K-12

4 IMPROVE THE QUALITY OF TEACHERS IN INTERNATIONAL SCHOOLS

Attracting and retaining high-quality teachers remains a significant challenge for international schools in China. Despite positive trends in foreign teacher recruitment, several long-standing regulatory barriers limit access to a broader pool of educators, which ultimately affects both the diversity and quality of education. These barriers include restrictions on hiring teachers from non-native English-speaking countries and the requirement for two years of work experience, which often constrains schools' ability to recruit talented staff. This is particularly problematic in specialist areas, such as early years education, where qualifications are not always recognised, narrowing the talent pool further (a recurring issue raised in our papers).

In addition to recruitment challenges, schools also face issues related to visa processes and qualification recognition, which hinder staffing flexibility. The rigid framework for approving work visas limits access to diverse professional backgrounds, restricting schools' ability to diversify their teaching staff. A more flexible approach would allow schools to access a wider range of qualified educators, providing students with richer, more varied learning experiences.

International schools have reported another concern about a recent reduction in the visa extension period from 120 days to 90 days. This change has introduced unnecessary logistical burdens, particularly for teachers working on academic schedules with long summer breaks.

7 Special Management Measures for the Market Entry of Foreign Investment (Negative List) (2024 Version),' (外商投资准入特别管理措施 (负面清单) (2024年版))

With less time to complete visa renewals, the new system creates disruptions in teaching schedules and personal planning, making it more difficult for schools to retain teaching staff.

The uncertainty surrounding proposed changes to Individual Income Tax for foreign nationals is another area of concern. Delays in providing clarity on these changes have left both international teachers and their employers uncertain about tax liabilities, complicating long-term planning and making it more difficult to retain foreign staff. A clear and predictable tax policy is essential for attracting and retaining international educators, who often consider these factors when deciding to relocate for work.

Recommendations:

- Eliminate restrictions on hiring teachers from non-native English-speaking countries to broaden the pool of qualified educators;
- Introduce a graduate talent visa scheme for outstanding international graduates with less than two years of experience to support entry-level teachers;
- Expand the range of recognised qualifications for teachers to facilitate work visa approvals based on professional expertise and specialist experience, particularly in areas like early years education;
- Reintroduce the 120-day visa extension period for educational professionals to align with the academic calendar and reduce renewal process disruptions;
- Fully cancel the proposed Individual Income Tax reforms to ensure predictability and security for international staff.

5 INCREASE THE NUMBER OF BRITISH STUDENTS AND GRADUATES IN CHINA

Many school-age students in the UK would like the opportunity to study at an international school in China. Whether they have Chinese heritage, have lived here previously, or simply have a passion for Chinese, they are currently unable to get a visa to study in the country without a guardian. Since they will only be in the country for a year or two, it is also essential their education allows for easy transition between British or international qualifications at home and in China.

Currently, only public and private schools are authorised to issue the JW202 invitation letter for X1 visas – a requirement for international students under the age of 18. Lifting this restriction would level the playing field

for all institutions, ensuring greater access to China's educational offerings.

In addition, as young people in both China and the UK struggle to gain early work experience, especially internationally, a joint internship initiative that allows recent graduates to acquire 3-12 month internship visas would have a significantly positive impact on graduates, companies and international understanding.

Opening up immigration to these British K-12 students and recent graduates will create strong bridges and advocates for future UK-China engagement. It will also support schools and companies who thrive with diverse young talent.

Recommendations:

- Allow foreign passport-holder schools to issue JW202 invitation letters, which allow for the application of X1 visas;
- Introduce visa-free travel for British nationals, encouraging gap year, university summer holiday and graduate travel to China;
- Introduce a foreign internship visa that would allow British university students and graduates to work short term in China.

HIGHER EDUCATION

6 STRENGTHEN HIGHER EDUCATION ENGAGEMENT AND DEGREE RECOGNITION

Transnational education and research partnerships are central to deepening the UK-China relationship. Student mobility, joint research initiatives, and dual-degree programmes enrich both societies and create the foundation for long-term diplomatic, academic, and commercial engagement.

The UK remains a leading destination for Chinese students, but recent declines in enrolment reflect challenges. At the same time, UK-China joint research and PhD collaborations face structural barriers, including concerns over national security, export controls and lack of clarity around co-supervision and intellectual property rights. While both countries express strong interest in expanding these partnerships, action is needed to ensure frameworks are clear, secure and mutually beneficial.

A significant and growing issue is the non-recognition in China of online or hybrid degrees and qualifications issued by UK institutions. This trend risks undermining the UK's global leadership in digital education and diminishing the appeal of British transnational education offerings, particularly in a post-pandemic era when online learning has become a strategic pillar of many universities. The UK-China Education Dialogue offers a valuable platform to address these regulatory mismatches and to advocate for the recognition of high-quality UK online qualifications.

Recommendations:

- Simplify visa processes for both British and Chinese students and researchers;
- Facilitate joint degree and dual PhD programmes with clear frameworks for co-supervision, intellectual property, and research ethics;
- Advocate for the mutual recognition of high-quality online and hybrid degrees from UK institutions by Chinese authorities;
- Manage national security concerns through transparent bilateral mechanisms that support secure yet open research collaboration.

ENERGY

SUB-SECTORS

Green Energy and Power Markets

Carbon Capture and Storage

Natural Gas

Hydrogen Technologies

EV Charging

Plastic

Carbon Market

OUR POSITION

1. Improve transparency and regulatory consistency in green energy and power markets
2. Create clear regulations and incentives for carbon capture and storage
3. Increase policy support to develop demand-side forces and the transition to natural gas in industry
4. Improve infrastructure and offer incentives for hydrogen technologies
5. Shift incentive structures in the EV market
6. Create clear guidelines on the single-use plastic ban and public procurement programmes favouring biodegradable products
7. Align regulations on the carbon market with international standards and grant market access to more businesses

STATE OF THE SECTOR

LOOKING BACK

As the end of its *14th Five-Year Plan* approaches, China has increased its investment in clean energy sectors while working towards its goal of achieving carbon neutrality by 2060. However, the country is seemingly falling behind its 2026 targets for reducing both energy consumption and carbon intensity.[1] It remains significantly reliant on coal, consuming over 50% of the world's coal supply and continues to build new coal-fired power plants.[2] Natural gas use also has continued to grow.

Despite the continued increasing usage of traditional energy, 2024 marked a breakthrough for green development. For the first time, clean-energy technologies became one of the key drivers of economic growth, contributing over 10% to the economy. The momentum was primarily driven by electric vehicles, batteries and solar power, which together generated three-quarters of the value added and over half of all new investments.

The Chamber's *British Business in China: Sentiment Survey 2024-2025* revealed that the British energy sector had the second-highest proportion (67%) of firms reporting a tougher business environment in 2024. Several clean energy industries faced supply gluts and declining revenue and profit growth, despite higher production volumes.[3] British energy firms noted that the near-term economic returns of renewable and clean energy projects remain constrained, which restricted their ability to invest in future projects in this area. Another main challenge identified by these firms was intense competition with state-owned enterprises (SOEs). Nevertheless, 74% of British firms expressed optimism about collaborating with Chinese partners through joint ventures or strategic alliances.

1 'Explainer: What Does China's 'Two Sessions' Mean for Climate Policy in 2025?,' Carbon Brief, March 2025

2 'China's Renewable Energy Boom: A Record-Breaking Shift or Still Chained to Coal?,' Carbon Credits, February 2025

3 'British Business in China: Sentiment Survey 2024-2025,' British Chamber of Commerce in China, December 2024

FUTURE OPPORTUNITIES

Energy collaboration between the UK and China is inherently complex, particularly given the scale of both nations' energy transitions. While the two countries are not direct competitors in many energy sectors, they do have significant shared interests in decarbonisation, which makes collaboration a strategic and potentially valuable pursuit. Both nations are investing heavily in clean energy solutions, yet the collaboration between the two remains a delicate balancing act, shaped by the realities of the global energy market and a geopolitical context that places increasing emphasis on energy security. The reactivation of the UK-China Energy Dialogue marks a constructive step toward rebuilding mutual trust and exploring targeted areas of cooperation, particularly where industrial interests align.[4]

China is making substantial investments in key areas such as offshore wind, carbon capture, sustainable aviation fuel, and hydrogen. These investments create significant opportunities for UK companies, particularly given the UK's established expertise in offshore wind and carbon capture technologies. British firms have a competitive edge in these areas and there is potential to transfer knowledge and collaborate on projects in China, particularly as the country seeks to scale up its green energy infrastructure. Additionally, China's ambitious hydrogen strategy, aligned with the UK's own focus on green hydrogen, presents another area for mutually beneficial cooperation.

Ongoing trade tensions are likely to influence the energy sector, with UK firms concerned about the risk of dumping, especially given the inevitable reduction in exports from China to the US. While this could create a more competitive environment within the energy sector, it also opens up opportunities for UK companies to leverage their innovation and expertise to attract Chinese investment. With China focusing on expanding its clean energy market globally, UK firms could serve as key partners in helping Chinese companies navigate international markets.

The energy dialogue between the UK and China, exemplified by recent government-level discussions like UK Energy Secretary Ed Miliband's visit to Beijing in March 2025, will play a critical role in unlocking these opportunities. Such dialogues are crucial for addressing the key issues that UK companies face when entering the Chinese market. For example, competition with state-owned enterprises (SOEs) remains a significant challenge, as these entities dominate much of the energy sector. The UK government's efforts to facilitate clearer communication and advocate for a level playing field can help British businesses navigate this landscape, ensuring that both nations benefit from shared energy goals without excessively favouring domestic interests.

4 'Energy Secretary visits China to launch climate dialogue,' Department for Energy and Net Zero, May 2025

OUR POSITION

1 IMPROVE TRANSPARENCY AND REGULATORY CONSISTENCY IN GREEN ENERGY AND POWER MARKETS

China's commitment to its dual carbon goals of peaking emissions before 2030 and achieving carbon neutrality by 2060 has catalysed significant investments in renewable energy, but structural challenges within the electricity market continue to impede effective integration of green energy, particularly for industrial and commercial consumers. British firms face difficulties due to limited market transparency, high costs and mandatory investments in underused 'behind-the-meter' storage systems. Although government measures, like the *Basic Rules for Electricity Spot Markets* and the *Regulatory Measures for the Electricity Spot Market*, are steps in the right direction, many barriers remain.

A major challenge is restricted access to green electricity, with residential and regulated demands dominating supply priorities. Short-term contracts (usually restricted to one year) hinder long-term investment certainty, with fragmented green electricity certification across provinces leading to market inefficiencies. Inconsistent regulations around carbon trading systems, renewable energy targets, and green power procurement further contribute to uncertainty for investors and developers. Additionally, renewable energy projects are often burdened by high costs with limited utilisation benefits, discouraging both domestic and foreign investments.

Beyond electricity, the development of sustainable fuels like green hydrogen, green methanol, Sustainable Aviation Fuel (SAF), and eSNG presents new opportunities. However, technological challenges in upstream processes, such as biomass gasification, require further innovation to enable large-scale commercialisation. Despite these complexities, there are substantial opportunities for strengthening the green energy market and attracting foreign investment to help China meet its dual carbon goals while fostering a more efficient energy sector.

To fully capitalise on China's renewable energy achievements, further reforms are needed to create a transparent and predictable green electricity market. Strengthening market integration and regulatory consistency will accelerate China's energy transition and open new opportunities for British and international businesses.

Recommendations:

- Expand spot market design across all provinces and allowing for long-term contracts that extend beyond one year;
- Develop fair cost allocation mechanisms to ensure that renewable developers and consumers share reasonable grid and storage costs;
- Improve regulatory coherence by coordinating policies related to carbon markets, renewable energy consumption targets, and green electricity procurement;
- Create a unified national market for green electricity certificates to enable transparent and consistent price discovery across different regions;
- Establish clear national standards for sustainable energy products and introduce a tiered categorisation system, including a 'blue' category for low-carbon products like fuels made from captured CO_2 and green hydrogen to promote innovation and market growth;
- Enhance transparency in electricity pricing, related regulations, and green energy policy frameworks to offer long-term foreseeability and encourage investment.

2 CREATE CLEAR REGULATIONS AND INCENTIVES FOR CARBON CAPTURE AND STORAGE

The development of Carbon Capture and Storage (CCS) requires a robust regulatory framework and targeted incentives to accelerate deployment. A well-defined governance structure should establish transparent approval processes for CCS infrastructure, including storage wells and transport networks, while providing long-term policy certainty for developers. Streamlining approvals through a single regulatory interface and implementing risk-based CO_2 monitoring, including post-closure oversight and liability transfer mechanisms, would align with successful models in the US, Canada, Europe, with similar approaches emerging in the Middle East and Asia-Pacific.

Incentive-driven policies are essential for early-stage CCS projects, particularly where carbon pricing alone is insufficient. Successful mechanisms, such as the EU Innovation Fund, the Netherlands' SDE++ subsidy scheme, and fiscal instruments like the US 45Q tax credit, have proven effective in making CCS development more attractive for private investment by compensating either project costs or CO_2 storage.

Recommendations:

- Establish a unified regulatory body to oversee CCS infrastructure permits, reducing bureaucratic delays;
- Introduce risk-based CO_2 monitoring rules to ensure safe, long-term storage;
- Expand fiscal incentives through grants, tax credits, and carbon contracts-for-difference;
- Develop low-carbon product certification to standardise emissions accounting;
- Leverage public procurement to stimulate demand for CCS-enabled products.

3 INCREASE POLICY SUPPORT TO DEVELOP DEMAND-SIDE FORCES AND THE TRANSITION TO NATURAL GAS IN INDUSTRY

Natural gas is a crucial component of China's green and secure transition. Globally, replacing coal with natural gas has reduced over 500 Mt of CO_2 emissions in the past decade.[5] Simultaneously, natural gas is a flexible option alongside solar and wind, providing the required security to support the green transition. In China, industrial demand is rising rapidly, particularly in steelmaking, where natural gas is increasingly used in processes like direct reduced iron smelting. Other sectors, such as fertiliser production, especially ammonia and urea, also present opportunities for decarbonisation through gasification, replacing coal-based processes with more CO_2-efficient alternatives.

Despite its importance, foreign investment in China's natural gas sector remains limited. While recent reforms, such as those introduced by PipeChina to enhance third-party access and transparency, are welcomed, UK firms still face barriers to participation in upstream activities like exploration and drilling. Without licenses and approvals, foreign companies cannot compete on equal terms with state-owned enterprises who have the advantage of established relationships with local governments. Additionally, bidding processes are often opaque, with no publicised auctions, making it difficult for foreign companies to compete fairly in a market where domestic firms benefit from pre-established relationships with local governments.

Recommendations:

- Increase the number of developments that allow end pipeline access, enabling more diverse and flexible infrastructure usage and ensuring competitive costs for users;
- Increase policy support to develop demand-side forces and the transition to natural gas in industry.

4 IMPROVE INFRASTRUCTURE AND OFFER INCENTIVES FOR HYDROGEN TECHNOLOGIES

China's is uniquely positioned to become a global leader in green hydrogen production due to its dominant solar energy capacity.[6] Despite this potential – and green hydrogen's use cases in heavy polluting sectors like logistics and aviation – progress remains limited. While some local governments have committed to subsidies, their implementation has been inconsistent. Current challenges include inadequate policy signals, inconsistent subsidy execution, and limited infrastructure to support hydrogen production, storage, and distribution. Without stronger policy action, China risks missing out on becoming a low-cost global supplier of green hydrogen – a strategic position that could boost long-term competitiveness in the global energy market.

China's track record in clean energy development, particularly in renewables and electric vehicles, demonstrates its capacity to build globally competitive industries. Replicating this success with hydrogen would support national sustainability targets, such as increasing sustainable aviation fuel consumption to 50,000 tonnes by 2025 and reducing industrial energy intensity by 13.5% from 2021 to 2025.[7] However, realising this vision requires stronger incentives for green hydrogen production,

5 'The Role of Gas in Today's Energy Transitions,' International Energy Agency, July 2019

6 'Hydrogen: An important decarbonisation pathway,' Airbus, April 2024

7 'CRU Sustainability & Emissions Service,' CRU, May 2024

better infrastructure development, and more end-user demand stimulation.

Recommendations:

- Create clear incentives for green hydrogen production, such as offering lower tariffs for renewable energy used in production and increasing green hydrogen quotas;
- Incentivise local governments to subsidise the growth of hydrogen;
- Increase end-user demand for hydrogen through greater policy support for the development of hydrogen-fuelled vehicles in the aviation and transportation sectors;
- Prioritise infrastructure development for green hydrogen production, critical materials for hydrogen fuel cells, hydrogen refuelling stations, and pipeline networks to drive the growth of hydrogen applications;
- Tailor the deployment of the hydrogen industry to local conditions by providing effective policy guidance that considers regional resource availability and addresses challenges associated with the cost of long-distance and large-scale hydrogen transportation;
- Encourage the balanced development of multiple electrolyser technologies for green hydrogen generation across the country to foster innovation, enhance technological resilience, and avoid overreliance on a single technological pathway.

5 SHIFT INCENTIVE STRUCTURES IN THE EV MARKET

China's rapid expansion of renewable energy capacity presents significant opportunities for the development of green industries and ecosystems. By January 2025, the number of public charging piles in China had risen by 35.1% year-on-year, reaching 3.76 million units.[8] This growth highlights China's progress in building the infrastructure needed for the widespread adoption of new energy vehicles (NEVs). However, British businesses face challenges in scaling up operations in China's EV charging market, particularly in the ultra-fast charging segment and in ensuring comprehensive national access.

Over the past two years, progress has been made in the high-quality development of China's EV charging industry. This includes the introduction of mandatory 3C certification for charging equipment, stricter design and construction standards for charging stations, and policy-driven advancements in ultra-fast charging and Vehicle-to-Grid technologies, supported by corresponding subsidies. These efforts align with China's national strategy to upgrade the quality of charging infrastructure. However, addressing several persistent challenges is necessary to unlock greater investment potential.

Challenges remain in several areas. Narrow profit margins in certain markets – often caused by unhealthy competition – undermine long-term sustainability. There are insufficient incentives for the advancement of high-quality charging stations, limiting drive toward excellence in service provision. Cumbersome operational requirements, frequently linked to the need for local entity establishment, result in redundant procedures and additional costs,

8 'Charging Stations Surge 35.1 Percent, China EV Infrastructure Hits New Peak,' China Exportsemi, February 2025

particularly for foreign firms. Furthermore, foreign companies face limited operational qualification pathways, adding another layer of complexity. Finally, there is a need for a stronger integration of EV charging within broader power market dynamics and green power trading initiatives to maximise the sector's contribution to China's renewable energy ambitions.

In the broader context of transitioning toward a green and secure energy future, EV charging infrastructure will assume a pivotal role. As EV adoption rises, demand for energy will rise accordingly, compelling deeper integration of renewable sources into the power market and driving forward China's green power trading initiatives.

Recommendations:

- Redirect subsidies from suppliers to consumers, empowering them to choose charging brands and stations freely, fostering market-driven competition and innovation;
- Implement stricter qualification requirements for charging operators by setting standards for financial stability and operational capabilities to ensure service quality, especially in regions with sufficient infrastructure supply;
- Encourage market-driven development of ultra-fast charging stations by avoiding direct subsidies for infrastructure and letting market forces determine the most economical and demand-adapted solutions;
- Set a price floor for service fees to discourage disruptive market behaviours, such as offering free public charging and promoting sustainable market development;
- Further promote peak-valley electricity pricing by strengthening the application of differential electricity pricing to support the economic viability of charging stations;
- Link subsidies to operational performance and quality by providing preferential terms and incentives to stations that meet higher technical and safety standards;
- Enhance incentives for foreign company investment by improving subsidy access, implementing talent-friendly policies, and facilitating better land and electricity access conditions for foreign firms;
- De-link operational qualifications from local entity requirements to lower entry barriers, attract more high-quality operators, and encourage competitive, efficient market development.

6 CREATE CLEAR GUIDELINES ON THE SINGLE-USE PLASTIC BAN AND PUBLIC PROCUREMENT PROGRAMMES FAVOURING BIODEGRADABLE PRODUCTS

China's commitment to banning single-use plastics is a key step in reducing environmental pollution and promoting sustainable materials. The government has set ambitious targets for 2025, aiming to accelerate the adoption of biodegradable alternatives like PBAT, PBS, PGA, and PLA. However, progress has been uneven, with only a few provinces, such as Hainan, issuing detailed regulations and actively enforcing the ban. The high costs of biodegradable alternatives and the uncertainty around the profitability of green products have also created challenges for companies.

Although the policy direction clearly supports the transition from conventional plastics to biodegradable alternatives, industry sentiment remains pessimistic about meeting the 2025 targets. The cost disparity between biodegradable plastics and conventional options is a major barrier, limiting widespread adoption. Furthermore, the absence of clear, consistent policy support at both national and provincial levels creates an unclear market environment, adding investment risk for companies considering scaling up biodegradable plastic production.

The transition toward biodegradable plastics faces four primary challenges. First, the high production costs of biodegradable materials hinder their competitiveness in the market. Second, the rollout of enforcement and regulatory measures has been uneven, with only a handful of provinces taking decisive action. Third, weak market signals and profitability concerns have discouraged private sector investment. Lastly, insufficient policy support, including a lack of targeted incentives for biodegradable plastics and feedstock industries, continues to slow the sector's growth. China's ambition to significantly reduce single-use plastics is both commendable and essential for achieving greater environmental sustainability. However, realising the 2025 targets will require urgent, coordinated actions.

Recommendations:

- Urgently publish detailed national and provincial policies with clear targets, timelines, and enforcement mechanisms for the single-use plastics ban, ensuring consistent implementation across all provinces to eliminate uneven competitive environments;
- Introduce subsidies or tax incentives for companies producing biodegradable plastics and their upstream feedstocks and offer price support mechanisms

or consumption subsidies to bridge the cost gap between biodegradable and conventional plastics;

- Create dedicated public procurement programmes favouring biodegradable products to stimulate early market demand and promote public awareness campaigns encouraging the adoption of biodegradable alternatives among consumers and businesses;
- Increase government funding for research and development to improve the cost-effectiveness and performance of biodegradable plastics, and support scale-up initiatives to achieve economies of scale and drive down production costs;
- Provide policy guarantees or risk-sharing mechanisms to encourage private sector investment and publish regular market reports and projections to increase transparency and confidence in market opportunities.

7 ALIGN REGULATIONS ON THE CARBON MARKET WITH INTERNATIONAL STANDARDS AND GRANT MARKET ACCESS TO MORE BUSINESSES

China's carbon market is entering a critical phase in 2024, aiming to balance economic growth with meeting the country's climate commitments. The current structure of the National Emissions Trading System (NETS), which only permits emitting firms to open trading accounts, limits the ability of corporate groups to optimise carbon strategies and reduces overall market liquidity. Expanding market participation to include non-emitting firms and financial institutions would address these limitations while creating more dynamic price discovery mechanisms.

The reintroduction of the Certified Emission Reductions (CCER) scheme in 2024 has reignited interest in the market, but its potential is constrained by trading limitations. Currently restricted to screen-based transactions, the CCER market prevents investors from engaging in over-the-counter (OTC) transactions, limiting tailored carbon procurement strategies and deterring capital for high-quality mitigation projects. Introducing OTC trading could unlock new opportunities, especially for nature-based solutions that require project-specific financing. Furthermore, accelerating the approval of CCER methodologies, particularly for innovative carbon removal approaches, would enhance market supply and liquidity.

Taxation policies also need to be reconsidered. The recent clarification by the State Administration of Taxation (SAT) that carbon trading is subject to 6% VAT is a positive step, but its retroactive application to 2016 transactions has created practical challenges for market participants, who often struggle to reconstruct historical records or face unexpected liabilities.[9] A balanced approach would ensure the clarified rate is applied moving forward, while providing transitional relief for past transactions, particularly given the market's developmental stage. Clearer guidance is also needed on cross-border carbon transactions and the treatment of blended financial instruments combining carbon and conventional assets.

Nature-based carbon solutions face additional challenges, such as the need for faster methodology approvals and enhanced monitoring frameworks. Remote sensing technologies and improved baseline determination methods could address verification challenges while maintaining cost-effectiveness. Additionally, the current

9 'The implementation calibre of applicable value-added tax policy for carbon emission trading,' (关于碳排放权交易等适用增值税政策的执行口径), State Taxation Administration, Feb 2025

market structure undervalues the co-benefits of these projects, including biodiversity protection and community development, which are vital for sustainable outcomes.

Voluntary mechanisms for low-carbon products are gaining traction as tools for industrial decarbonisation. Establishing standardised certification systems and embodied carbon labelling requirements would help create clear demand signals across supply chains. Public procurement policies favouring certified low-carbon products could stimulate demand, while sector-specific technical assistance programmes would help manufacturers transition. These measures would foster a diversified carbon market ecosystem which supports various decarbonisation pathways.

Corporate carbon neutrality commitments are also reshaping the market. While offsetting plays an important role, the emphasis is increasingly shifting toward ambitious emission reduction targets complemented by high-quality credits. This evolution demands stronger quality assurance mechanisms for offsets, including rigorous additionality assessments and permanence safeguards. Companies are also adapting to new sustainability reporting requirements, such as Scope 3 emissions disclosures in Hong Kong and double materiality assessments for mainland-listed firms.[10] These requirements, while challenging to implement, are driving improved carbon management practices and more sophisticated market participation.

To support China's dual carbon goals and the long-term success of its carbon market, aligning domestic standards with international best practices while maintaining distinct Chinese characteristics is crucial.

Recommendations:

- Allow non-emitting firms to trade under the NETS to improve efficiency;
- Align China's NETS and CCER exchanges with global anti-bribery & corruption, anti-money laundering and sanctions regimes;
- Introduce OTC transactions in the CCER market to enable direct project investments;
- Avoid retrospective VAT adjustments and provide transitional relief for market participants;
- Assist SMEs in meeting new sustainability disclosure requirements through guidance and phased implementation.

10 Scope 3 emissions are the result of activities from assets not owned or controlled by the reporting organisation, but that the organisation indirectly affects in its value chain.

FINANCIAL SERVICES

SUB-SECTORS

Insurance

Asset Management

Banking

Green Finance

OUR POSITION

1. Reopen licensing for overseas investment and increase QDII Quotas
2. Restart enterprise pension licensing and support a diversified ecosystem
3. Increase transparency and predictability in regulatory approval processes
4. Clearly define 'important data' under China's cybersecurity and data security laws
5. Facilitate foreign financial institutions' transition to cloud-based operations
6. Advance regulatory alignment and collaboration on green finance standards

STATE OF THE SECTOR

LOOKING BACK

In 2024, British financial services businesses operating in China saw some positive shifts. According to the Chamber's *British Business in China: Sentiment Survey 2024-2025*, there was a 10% drop in the percentage of businesses finding the business environment in China more challenging compared to last year.[1]

The survey, conducted ahead of this year's Economic and Financial Dialogue (EFD), revealed that UK financial services firms strongly supported increased UK-China dialogue.[2] 82% of respondents believed that enhanced government communication would benefit their operations in China, while 72% viewed the EFD itself as a useful platform for fostering greater collaboration. Additionally, 55% expressed confidence that the potential relaunch of the Joint Economic and Trade Commission (JETCO) would contribute positively to the sector.

This was followed by Chancellor Rachel Reeves' visit to Beijing for the first UK-China EFD since 2019. The dialogue focused on key areas such as capital markets, pensions, insurance, and sustainable finance, with several specific opportunities for cooperation highlighted.[3] The agreements reached during the EFD have already to open up new avenues for British businesses, particularly in areas such as green bonds and regulatory cooperation, and present potential for increased market access in China.

FUTURE OPPORTUNITIES

When looking to the future, financial services companies are balanced and leaning towards optimism. In the Chamber's *Business Sentiment Survey 2024-2025*, 47% of the respondents are optimistic for 2025 (above the average for all sectors) with a quarter pessimistic (which was below the average).[4]

With the EFD having committed to further market reforms and a strengthening of coordination in investment policies, China has suggested it will improve implementation of its management system and the 'negative list' for foreign investment, a framework that defines which sectors remain restricted or prohibited to foreign investors, with all others open.[5] Chamber members are keen to see greater concrete steps towards further opening in the coming year, following the EFD and the potential relaunch of JETCO in the near future. The projection of stable and balanced UK-China relations in the long term has positively impacted business confidence.

A key area of opportunity for the coming year will be transition finance. Mobilising capital to support sustainable development is one of the key EFD outcomes.[6] On the national level, the UK-China working group focusing on transition finance has since been formed. In many provinces, local governments have published provincial-level policies that will support industries' green transition in different sectors.[7] The Chamber hopes to see more national-level policies on transition finance in the coming year.

Green transition will require significant financial support from banks. The UK has made good progress in decoupling emissions from GDP growth, with British financial institutions gaining experience in integrating transition finance into growth plans. This provides opportunities for the UK and China to collaborate on scaling transition finance by providing global solutions, exploring market mechanisms to encourage transition finance, sharing best practices, and agreeing on the scope and definition of transition finance.

1 'British Business in China: Sentiment Survey 2024-2025,' British Chamber of Commerce in China, December 2024

2 Ibid.

3 '2025 UK-China Economic and Financial Dialogue,' HM Treasury, January 2025

4 'British Business in China: Sentiment Survey 2024-2025,' British Chamber of Commerce in China, December 2024

5 '2025 UK-China Economic and Financial Dialogue,' HM Treasury, January 2025

6 Ibid.

7 '2025 UK-China Transition Finance Seminar (中英转型金融专题研讨会),' Institute of Finance and Sustainability, March 2025

OUR POSITION

1 REOPEN LICENSING FOR OVERSEAS INVESTMENT AND INCREASE QDII QUOTAS

Access to diversified global assets is essential for China's insurance sector to manage risk and secure stable long-term returns, particularly as the sector plays a growing role in pension provision and wealth management. One of the main channels for outbound investment is the Qualified Domestic Institutional Investor (QDII) scheme, which allows licensed Chinese financial institutions to invest in overseas markets within a quota system set by regulators. However, the current quota remains limited and the licensing process for new overseas investments has been paused, creating a bottleneck for insurers and other institutions seeking to diversify portfolios.

Expanding the QDII quota and reopening the licensing process would enable Chinese insurance institutions to access a wider range of global investment opportunities, including in primary markets and real estate, supporting both portfolio resilience and improved returns. These measures would directly contribute to China's goals of improving risk management frameworks and enhancing consumer protection for long-term financial products.

The importance of easing these constraints was directly acknowledged at this year's EFD, where both governments highlighted the risk that over-concentration of investment can pose to macroeconomic stability. The dialogue's policy outcomes statement specifically welcomed mutual investment through established programmes such as QDII and committed both sides to further work in support of open financial markets and diversified global investment opportunities.[8] Progress on QDII and related licensing would not only reflect these shared priorities but also strengthen cooperation between UK and Chinese institutions in managing financial risk and expanding cross-border investment.

Recommendations:

- Reopen the overseas investment licensing process for insurance institutions;
- Increase QDII quotas to support broader global asset allocation.

8 '2025 UK-China Economic and Financial Dialogue,' HM Treasury, January 2025

2 RESTART ENTERPRISE PENSION LICENSING AND SUPPORT A DIVERSIFIED ECOSYSTEM

A strong and diversified workplace pension system is essential to delivering stable long-term returns for China's ageing population. While China's enterprise pension market has grown steadily in recent years, the licensing process for new pension fund managers has remained paused for six years. This limits competition, constrains innovation, and reduces the range of pension products available to consumers.

Restarting the licensing process – and allowing experienced foreign institutions to participate – would help strengthen China's pension ecosystem by introducing global expertise in risk management, product design, and long-term investment strategies. This would directly support the government's efforts to modernise and deepen its social security system.

At this year's EFD, both governments recognised the importance of pension reform; as a result, China encouraged its National Council for Social Security Fund (NCSSF) to deepen cooperation with international asset managers.[9] Ongoing bilateral engagement through this dialogue will be an important platform for helping China achieve a more diversified pension market and for strengthening the UK's role as a long-term partner in supporting that growth.

Recommendation:

- Reopen the application process for enterprise pension management licences and clarify the licensing timeline.

3 INCREASE TRANSPARENCY AND PREDICTABILITY IN REGULATORY APPROVAL PROCESSES

Regulatory predictability is essential for financial institutions making long-term investment and operational decisions. However, British businesses in China continue to face delays and uncertainty when navigating key approval processes, including capital increases, shareholder changes, and administrative filings.

According to the Chamber's *Business Sentiment Survey 2024-2025*, financial services firms identified cybersecurity and IT regulations as their top business challenge, with regulatory transparency ranked second.[10] While recent steps, such as the release of the *Provisions on Promoting and Regulating the Cross-Border Flow of Data*, have improved clarity in specific areas, broader concerns about inconsistent timelines and approval processes persist.[11]

Improving the transparency and predictability of regulatory procedures would allow firms to allocate resources more efficiently, reduce risk in operational planning, and better support China's efforts to develop a stable and competitive financial services market.

Recommendation:

- Introduce more transparent and predictable timelines for key regulatory processes, including administrative filings, capital changes, and shareholder amendments, to support the efficient development of foreign financial institutions in China.

9 '2025 UK-China Economic and Financial Dialogue,' HM Treasury, January 2025

10 'British Business in China: Sentiment Survey 2024-2025,' British Chamber of Commerce in China, December 2024

11 'Provisions on Promoting and Regulating the Cross-Border Flow of Data,' Cyberspace Administration of China, March 2024

4 CLEARLY DEFINE 'IMPORTANT DATA' UNDER CHINA'S CYBERSECURITY AND DATA SECURITY LAWS

British financial institutions in China are eager to meet growing cross-border financial demand from customers, with 48% of them identifying this as a growth opportunity in the Chamber's *Business Sentiment Survey 2024-2025* [12]. Despite this, they continue to face significant compliance uncertainty due to the broad and ambiguous definition of 'important data' under China's cybersecurity and data security laws.

In practice, the term 'important data' is often applied based on the size of a data set or the customer's industry, rather than clear links to economic, societal or national security risks. This overreach creates barriers for day-to-day business operations, inflates compliance costs, and limits banks' ability to support clients engaged in cross-border transactions.

Our *Business Sentiment Survey 2024-2025* saw financial services respondents continue to identify navigating cybersecurity and IT regulations as their number one concern, a position consistently held since our first survey published in 2018.[13] The lack of clarity surrounding 'important data' remains a central factor behind this persistent challenge.

China has shown clear intent to streamline and improve the regulatory environment for data flows. The *Provisions on Promoting and Regulating the Cross-Border Flow of Data* clarified several aspects of the existing framework and narrowed the scope of security assessments for many types of data.[14] Further, upcoming sector-specific guidelines – including for the financial industry – are expected to play a key role in setting out which data types fall under this category.

A cautious and precise definition of 'important data' explicitly anchored in national security concerns would give financial institutions greater clarity, enable compliance, and allow British banks to better support Chinese customers' global ambitions. It would also remove unnecessary restrictions that currently risk limiting financial sector growth.

Recommendations:

- Refine the definition of 'important data' based on public feedback and practical experience since the *Cybersecurity Law* was introduced in 2017;
- Clearly distinguish data relevant to national security and avoid broad associations based solely on industry or data size.

5 FACILITATE FOREIGN FINANCIAL INSTITUTIONS' TRANSITION TO CLOUD-BASED OPERATIONS

Cloud computing has become a cornerstone of modern financial services, enabling banks to respond to customer needs with greater flexibility, scalability and efficiency. As the sector moves toward real-time, high-volume, and highly personalised services – from open banking to remote customer onboarding – cloud-based systems are essential to ensure stability and innovation.

China has made welcome progress in this space, including the removal of foreign ownership restrictions on cloud services within designated pilot zones in Beijing, Shanghai, Shenzhen and Hainan, as part of the 2024 revision to the *National Negative List*.[15] These changes reflect an important step forward and follow the Chamber's long-standing recommendations to expand access to cloud-based solutions, which are now fundamental to financial sector innovation.

Despite this positive momentum, foreign financial institutions still face practical barriers when transitioning to cloud-based operations in China. The absence of clear, unified regulatory guidelines for the use of public cloud services – particularly for systems deployed by parent companies – limits their ability to align operations with international standards. Regulatory uncertainty surrounding cross-border data flows and the interpretation of 'important data' in the financial sector has resulted in most cloud deployments requiring case-by-case discussions and approvals with regulators, slowing cloud adoption and limiting efficiency.

Addressing these challenges would support China's ambitions to strengthen its digital economy and financial services competitiveness, while ensuring robust safeguards

12 'British Business in China: Sentiment Survey 2024-2025,' British Chamber of Commerce in China, December 2024

13 'British Business in China: Sentiment Survey 2024-2025,' British Chamber of Commerce in China, December 2024
'British Business in China Member Sentiment Survey 2018-2019,' The British Chambers of Commerce in China, December 2018

14 'Provisions on Promoting and Regulating the Cross-Border Flow of Data,' Cyberspace Administration of China, March 2024

15 'Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Edition) Notes,' the National Development and Reform Commission and the Ministry of Commerce, October 2024

for data security. Providing foreign institutions with clearer pathways to adopt cloud technology would also enable them to offer the same high-quality services to clients in China as they do globally.

Recommendations:

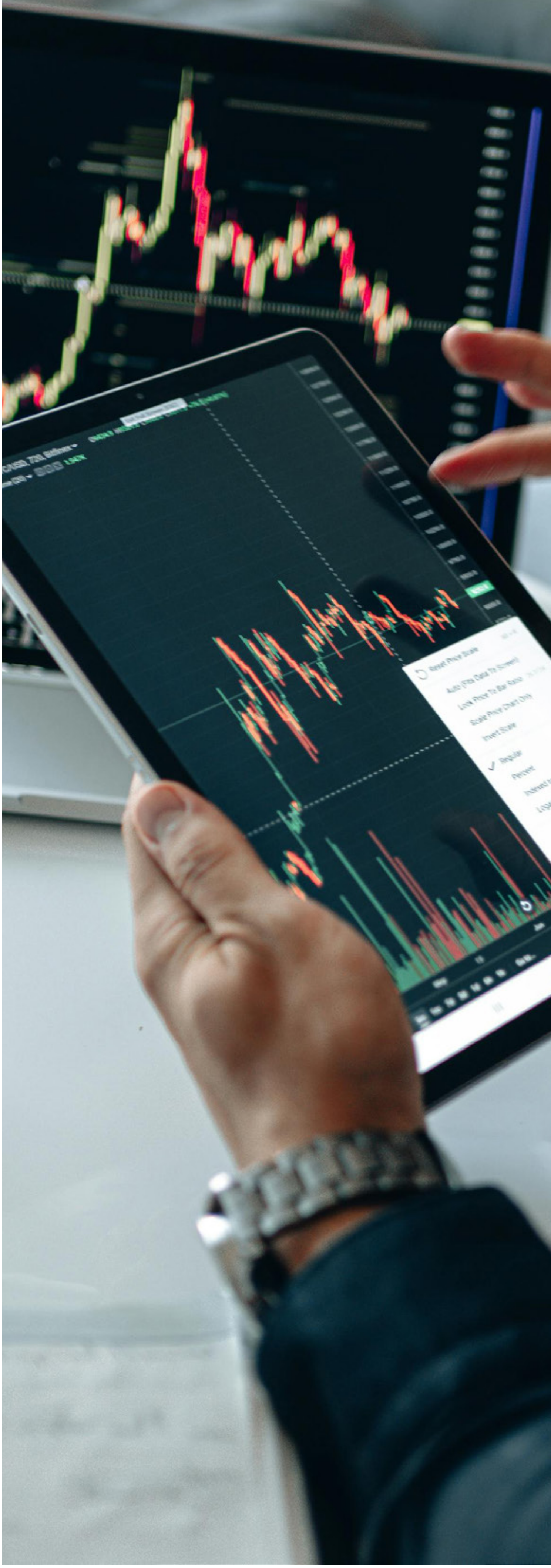
- Allow foreign financial institutions to use their parent companies' back-office systems for routine business operations, enabling secure and efficient management of information within global corporate frameworks;
- Permit foreign financial institutions to apply for the use of public cloud services for processing customer information, in addition to industry-specific cloud platforms, in line with international practice.

6 ADVANCE REGULATORY ALIGNMENT AND COLLABORATION ON GREEN FINANCE STANDARDS

Over the past year, China has made notable strides in strengthening its green finance regulatory framework, underscoring a strong political commitment to sustainability and a growing alignment with international norms. The EFD gave green finance high priority, dedicating ten points to it and setting out shared commitments on disclosures, taxonomies, and transition financing. The British Chamber welcomes this momentum and encourages both governments to deepen technical cooperation ahead of the next EFD, particularly in areas where clearer rules and greater alignment would improve market access and confidence.

On corporate climate disclosure, China is moving towards alignment with the International Sustainability Standards Board (ISSB), while maintaining local relevance. Key developments include the publication of the National Basic Disclosure Standards and a draft climate-specific framework issued by the Ministry of Finance and Ministry of Ecology and Environment. In parallel, mandatory sustainability reporting requirements have been introduced across China's main stock exchanges for large listed companies, which must publish climate disclosures consistent with IFRS S1 and S2 by 2026. These rules go beyond broad principles, offering detailed guidance on double materiality, carbon pricing, and biodiversity – enhancing the quality and comparability of climate data and supporting foreign firms' due diligence and reporting needs.

China's emissions trading scheme (ETS) is also expanding significantly. In March 2025, the ETS was extended to cover the steel, cement and aluminium sectors, which

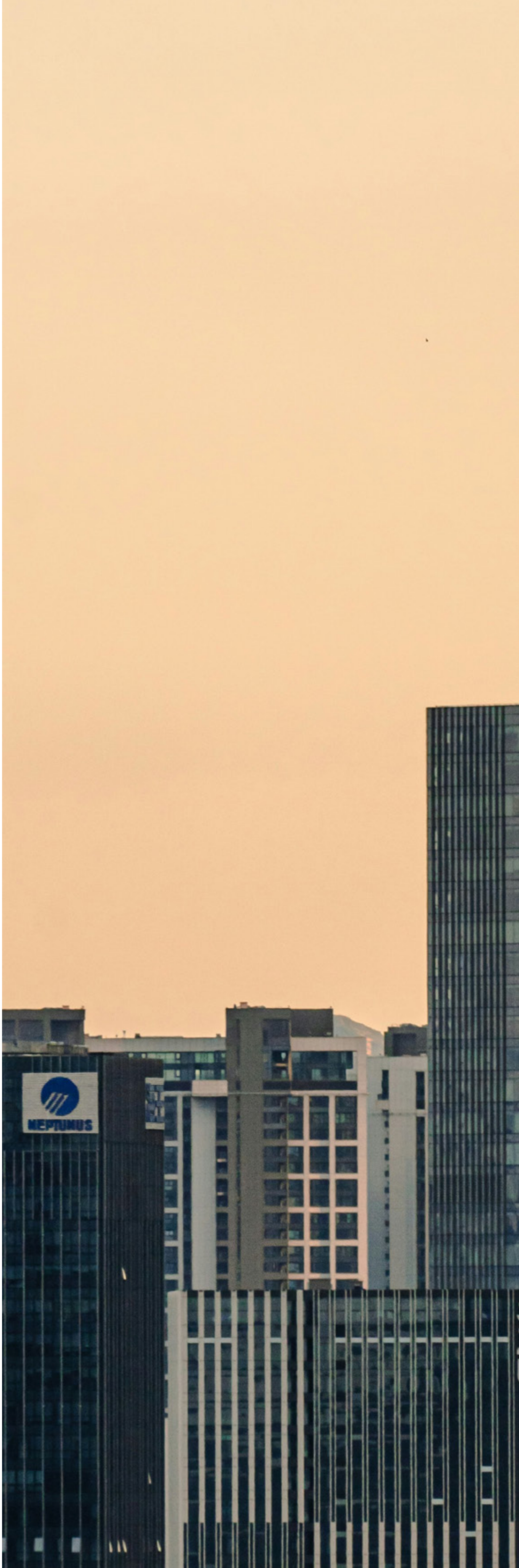


together account for more than 20% of national emissions. The inclusion of around 1,500 additional emitters is a major step towards building a more robust and effective carbon market. A phased implementation plan through 2026, with full enforcement expected by 2027, sets the stage for broader sectoral inclusion and more meaningful carbon pricing across industry.

Transition finance remains a critical frontier for UK–China collaboration. As both countries work to scale investment into decarbonisation, there is an urgent need for shared principles on what constitutes credible transition finance, including sectoral pathways, safeguards against green-washing, and ways to price transition risk. The UK-China Green Finance Taskforce has laid important groundwork through its dedicated workstreams on disclosure, taxonomy, nature and transition finance. Building on this, the Chamber sees a strong case for the next EFD to advance interoperability between UK and Chinese frameworks and provide market participants with the tools and clarity needed to finance the transition at scale.

Recommendations:

- Support enhanced collaboration on transition finance frameworks under the UK-China Green Finance Taskforce, including clearer definitions and guidance on credible transition pathways and higher-quality data sharing;
- Continue to align China's disclosure standards with ISSB frameworks, while recognising the value of 'Chinese characteristics' that support local applicability;
- Sustain momentum on ETS expansion and ensure its linkages with green finance instruments such as bonds and carbon-linked investment products are clarified in future policy guidance;
- Continue to engage British firms in future rulemaking, particularly in the area of disclosure, to ensure UK businesses operating in China can navigate and contribute to the evolving landscape and contribute to the capacity building effort in China's sustainable transition.




达实智能
Baidu百度
阳光粤海
SZU

FOOD, BEVERAGE AND AGRICULTURE

SUB-SECTORS

Alcoholic Beverages and Soft Drinks

Agriculture

OUR POSITION

1. Reduce tariffs on foreign whisky to stimulate market development
2. Strengthen the enforcement of intellectual property (IP) regulations to protect consumers and businesses
3. Strengthen incentives for sustainable and innovative development in China's agricultural sector
4. Establish regular and structured platforms for UK-China bilateral engagement in agriculture

STATE OF SECTOR

LOOKING BACK

British food, beverage and agriculture (FBA) companies experienced a mixed picture in China throughout 2024. Whilst the reopening of political dialogue and regulatory improvements have created new openings for British exporters, the broader economic environment remains difficult, with weakening consumer demand and global trade tensions continuing to weigh on growth.

One of the most encouraging developments for the FBA sector has been the return of high-level political engagement between the UK and China. Following a period of limited dialogue, Foreign Secretary David Lammy's visit to Beijing in October 2024 marked a turning point in bilateral relations. The visit not only helped stabilise the broader relationship but also delivered tangible results for British businesses, including the resumption of UK pork exports to China for the first time since 2020, a key milestone for the agriculture sector.[1] This momentum was further reinforced in early 2025 when agriculture was highlighted as a priority area for cooperation in the *2025 UK-China Economic and Financial Dialogue (EFD) Policy Outcomes*.[2] The inclusion of the sector in this framework signals a shared commitment to deepening trade ties and creating new channels for future collaboration.

Alongside bilateral progress, the regulatory landscape for the FBA sector also saw important, if incremental, improvements in 2024. Technical barriers to trade, particularly around food safety and product labelling, have long been a source of frustration for British businesses operating in China. One response highlighted especially by members was the key clarifications on the use of lot codes for alcoholic beverages, through the release of *GP7718*.

Additionally, British exporters welcomed the exemption for 'easy open' spirits from China's updated mandatory labelling requirements by the State Administration for Market Regulation (SAMR), one of the main challenges flagged in last year's *Position Paper*. These improvements

1 'China lifts expert restrictions on key pork plants in major boost to UK pig sector,' Pig World, December 2024

2 '2025 UK-China Economic and Financial Dialogue: policy outcomes,' UK Government, January 2025

reflect positive efforts by Chinese authorities to align technical standards more closely with global norms, which will be an important factor in shaping future investment decisions in the sector.

Despite the progress on both the political and regulatory fronts, British companies continue to face a difficult market environment in China. Sluggish domestic consumption, coupled with persistent deflationary pressure, has dampened demand across the market. At the same time, escalating global trade tensions have introduced further uncertainty for exporters.

As a result, the sector saw a decline in trade performance over the past year. UK FBA exports to China fell by 6.6% in 2024, reaching to a total value of GBP 710.5 million (RMB 6,905.3 million).[3] The contraction highlights the broader pressures facing the sector, even as some specific market access hurdles are being addressed.

This commitment is also reflected in the findings of the *British Business in China: Sentiment Survey 2024-2025*, which shows the FBA sector as the most likely among all sectors to expand investment, with 48% of surveyed companies signalling plans to increase their China footprint.[4]

FUTURE OPPORTUNITIES

The EFD identified multiple opportunities for deeper bilateral collaboration in the FBA sector; the creation of formal platforms and regular policy dialogues promises to strengthen cooperation, boost market confidence, and support future investment. Our positions seek to support these dialogues.

This growing cooperation also extends to shared priorities around consumer health, including the promotion of responsible drinking. Our alcoholic beverage sector members fully support targeted global efforts to reduce alcohol-related harm and, in this, the industry should continue to be an important and legitimate stakeholder.

Yet despite positive signals, rising geopolitical tensions and trade disputes continue to weigh on the sector. Tariffs remain a significant burden for both businesses and consumers, undermining the shared commitment to a free and open trade environment set out in the EFD.

3 'Trade Snapshot 2024,' Food and Drink Federation, March 2025

4 'British Business in China: Sentiment Survey 2024-2025,' British Chamber of Commerce in China, December 2024

OUR POSITION

1 REDUCE TARIFFS ON FOREIGN WHISKY TO STIMULATE MARKET DEVELOPMENT

British whisky producers are committed to supporting the long-term growth of China's whisky industry through investment, local partnerships, and supply chain development. However, the reintroduction of a higher tariff on imported whisky in 2025 risks slowing this momentum, deterring new investment and raising prices for consumers.

Whisky is a fast-growing market in China, with sales increasing from RMB 1.3 billion in 2013 to RMB 5.5 billion in 2023.[5] Imports account for most of this growth, with UK brands representing 10 of the top 12 imported labels. British companies are already investing in local bottling, distilleries, and supply chains – including facilities in Yunnan and Sichuan – creating jobs, transferring skills, and supporting China's ambition to develop its own premium whisky industry.[6]

The 5% Interim Duty Rate (IDR), introduced in 2017, helped make this growth possible by reducing costs for consumers and improving market access for producers. However, the reintroduction of the 10% Most-Favoured-Nation (MFN) tariff in 2025, replacing the 5% IDR, increases the burden on importers. This risks reversing recent progress: UK whisky exports to China have already declined by 31.2% over the past year, falling to GBP 163.1 million in 2024.[7] Rising costs are likely to be passed on to consumers, slowing market growth and undermining investor confidence.

The British Chamber's *Business Sentiment Survey 2024-2025* highlights that companies in the FBA sector are the most likely among all sectors to increase investment in China in 2025.[8] Addressing tariff barriers will be key to ensuring this potential is realised.

Recommendation:

- Reinstate the 5% interim duty rate on imported whisky to support further investment and local supply chain development.

5 '2023 China Whisky Industry Development Research Report' (2023中国威士忌行业发展调研报告),' China Alcoholic Drinks Association, March 2024

6 'Pernod Ricard unveils THE CHUAN Malt Whisky Distillery in Emeishan,' Pernod Ricard, November 2021; 'Diageo Unveils The YunTuo Single Malt Whisky Distillery in China,' Diageo, November 2024

7 'Trade Snapshot 2024,' Food and Drink Federation, March 2025

8 'British Business in China: Sentiment Survey 2024-2025,' British Chamber of Commerce in China, December 2024

2 STRENGTHEN THE ENFORCEMENT OF INTELLECTUAL PROPERTY (IP) REGULATIONS TO PROTECT CONSUMERS AND BUSINESSES

Robust IP enforcement is essential for protecting consumers, securing supply chains, and maintaining investor confidence. Weak enforcement undermines trust in the market, deters business expansion, and puts public health at risk, particularly in the food and beverage sector.

IP protection was the top challenge for companies operating in China in the British Chamber's *Business Sentiment Survey 2024-2025*, with enforcement ranked third.[9] Counterfeiting of wine and spirits is a particular area of risk, where the production of counterfeits flowing into local consumption harms the local business, and counterfeit packaging materials are often shipped from China to overseas bottling facilities, enabling cross-border criminal supply chains. These products pose a serious threat to consumer safety and damage the reputation of legitimate producers.

The Chamber welcomes recent steps by the Chinese government to clarify labelling standards through *GP7718* and the food labelling regulations issued by the State Administration for Market Regulation (SAMR). These actions – alongside the inclusion of IP cooperation in the EFD – are important signals of progress, but strong enforcement remains critical.

British businesses stand ready to support Chinese authorities by offering technical expertise and assistance with inspections, helping to ensure effective identification of infringements and improved protection for consumers. Improving enforcement will strengthen consumer protection, reduce criminal activity, and help maintain fair market conditions. It will also enhance China's market growth potential by building investor confidence and boosting tax revenues through the protection of legitimate businesses.

Recommendations:

- Strengthen resources for China's trade inspection for both off-trade and on-trade channels;
- Improve collaboration with businesses over inspections to help correctly identify IP infringement;
- Encourage stronger intelligence and investigations collaboration between the General Administration of Customs of China (GACC) and Ministry of Public Security to disrupt cross-border counterfeiting and protect consumers and businesses.

9 'British Business in China: Sentiment Survey 2024-2025,' British Chamber of Commerce in China, December 2024

3 STRENGTHEN INCENTIVES FOR SUSTAINABLE AND INNOVATIVE DEVELOPMENT IN CHINA'S AGRICULTURAL SECTOR

Sustainable agriculture is a core priority for China's long-term food security, economic resilience, and green transition. International collaboration, particularly with the UK's agri-tech sector, can play a critical role in accelerating this transformation.

The British Chamber welcomes the commitment to green agricultural cooperation outlined in the EFD, which lays a foundation for stronger industry-to-industry and government-to-business partnerships. British agri-tech companies are well placed to support China's goals by bringing advanced expertise in protected cropping systems, water-efficient technologies, low-carbon production, and climate-resilient growing methods.

There is clear appetite for further engagement; according to the British Chamber's *Business Sentiment Survey 2024-2025*, the agriculture sector is among the most optimistic about the future of technology innovation in China. It also shows a high intent to expand investment relative to other industries.

Deepening UK-China collaboration on agricultural innovation would enable China to scale sustainable production models, modernise farming practices, and strengthen environmental outcomes, while creating new commercial opportunities for international and domestic businesses alike.

Recommendations:

- Establish bilateral cooperation mechanisms to promote agricultural innovation, including pilot zones, demonstration farms, and targeted funding for green agri-tech trials;
- Create formal platforms for UK agri-tech companies to contribute to China's sustainable agriculture and circular economy goals, with a focus on innovation partnerships and regulatory alignment.

4 ESTABLISH REGULAR AND STRUCTURED PLATFORMS FOR UK-CHINA BILATERAL ENGAGEMENT IN AGRICULTURE

China's ambitions for sustainable agricultural modernisation would be significantly enhanced by creating more structured platforms for engagement with international agribusinesses, particularly those with expertise in green technologies and innovative practices.

Ongoing dialogue between policymakers and the private sector is essential to address shared challenges and align efforts in areas such as climate resilience, sustainable food systems, and digital transformation of agriculture. The British Chamber's *Business Sentiment Survey 2024-2025* highlights strong interest from UK FBA businesses in expanding their investments in China – especially in regions outside of major urban centres – supporting high-quality job creation and rural development.

A formal framework for cooperation would enable more effective knowledge exchange, encourage the adoption of cutting-edge agri-tech solutions, and create new opportunities for both domestic and international companies to contribute to China's long-term food security and sustainability goals.

Recommendations:

- Establish a bilateral platform for regular agricultural policy dialogue and cooperation, including working groups, roundtables, and innovation consortia with UK stakeholders;
- Prioritise UK agri-tech as a focus area under relevant pilot programmes and agricultural development forums;
- Facilitate cross-border knowledge exchange through technical delegations, expert visits, and flexible cooperation mechanisms as part of broader UK-China agricultural dialogues.

HEALTHCARE

SUB-SECTORS

Pharmaceuticals

Over the Counter Medicines

Insurance

Vaccines

Hepatitis B Treatments

Rare Diseases

OUR POSITION

1. Accelerate general regulatory submissions and approvals
2. Promote commercial health insurance to enhance multi-tiered healthcare security
3. Expand access to adult immunisation
4. Expand the scope of tariff-free imports of Active Pharmaceutical Ingredients (APIs)
5. Accelerate approvals of OTC medicines to facilitate and promote self-care
6. Accelerate approval pathways for chronic Hepatitis B treatments
7. Further improve the system for rare disease medication, diagnosis, treatment and payment to enhance accessibility and affordability
8. Advance green development and sustainability in the pharmaceutical sector
9. Accelerate the standardised development of Electronic Drug Leaflets
10. Refine cross-border data transfer policies to support global R&D collaboration

STATE OF THE SECTOR

LOOKING BACK

The healthcare sector remains one of the most strategically important areas for UK-China cooperation, with British businesses playing a key role in supporting China's long-term health and economic development. From investment in advanced R&D to partnerships in manufacturing and the introduction of world-class therapies, UK companies have continued to deepen their presence in the Chinese market, especially as China confronts demographic challenges and seeks to build a globally competitive healthcare system.

Despite positive momentum in 2023, British healthcare companies faced a more uncertain operating environment in 2024. The British Chamber's *British Business in China: Sentiment Survey 2024-2025* highlighted that healthcare firms reported some of the lowest levels of both optimism and pessimism, with the majority adopting a cautious, wait-and-see approach to future investment decisions.[1]

While global CEOs continued to visit China – signalling long-term commitment – the sector's investment landscape remains constrained by unresolved regulatory bottlenecks, fragmented market access rules, and tariffs on key inputs such as active pharmaceutical ingredients (APIs). These tariffs, which range from 4% to 6.5%, create a clear disincentive for localisation and undermine China's ambitions to become a manufacturing hub for affordable, high-quality medicines.

Nonetheless, some signs of progress have emerged. British companies continue to commit to China, with companies investing in R&D in the country and acquisitions of Chinese firms. At the policy level, improvements in intellectual property protections were welcomed, and the outcomes of the UK-China Economic and Financial Dialogue earlier this year signalled renewed potential for regulatory cooperation, including a health innovation platform, the sharing of best practices and RSV vaccine development.[2]

1 'British Business in China: Sentiment Survey 2024-2025,' British Chamber of Commerce in China, December 2024

2 '2025 UK-China Economic and Financial Dialogue,' HM Treasury, January 2025

The resumption of the UK-China Health Dialogue between the UK Department for Health and Social Care (DHSC) and the Chinese National Health Commission (NHC) has provided important avenues to discuss opportunities in collaboration on areas such as healthy ageing, chronic disease management, antimicrobial resistance (AMR) and 'climate and health.'[3] Hopefully this can trigger more collaboration between the UK and China.

LOOKING FORWARD

Looking ahead, healthcare will remain a priority sector for both governments as China confronts the health implications of an ageing population and seeks to shift from treatment-driven models to prevention and long-term care. British businesses are well placed to contribute. The UK's globally respected life sciences ecosystem, combined with China's growing health needs, presents major opportunities for collaboration if regulatory and market barriers can be addressed.

Harmonising standards with international frameworks will be critical to enabling China's healthcare sector to mature. As Chinese authorities seek to shorten clinical trial timelines, improve regulatory efficiency, and expand access to innovative treatments, British firms can offer valuable partnership in shaping a system that encourages innovation and ensures patient safety. The growing focus on 'new quality productive forces' in China alongside Britain's inclusion of life sciences in its industrial strategy underscores a shared recognition that the sector will be a core driver of future growth.

China's decarbonisation goals present an opportunity for UK pharmaceutical companies to share experience in sustainable manufacturing and supply chain resilience. The UK's National Health Service (NHS) stands as a global leader in green healthcare practices, offering a strong platform for bilateral cooperation in support of China's dual ambitions: improving population health while advancing green development.

If supported by clear policy measures, the sector could unlock significant new growth, deepen integration into global value chains, and deliver substantial benefits for patients in both countries.

3 'Keynote Address by Ambassador Zheng Zeguang at the 2025 Sino-UK Entrepreneur Forum,' Embassy of the People's Republic of China in the United Kingdom of Great Britain and Northern Ireland, May 2025

OUR POSITION

OVERALL CHALLENGES

1 ACCELERATE GENERAL REGULATORY SUBMISSIONS AND APPROVALS

Foreign pharmaceutical and healthcare companies continue to face complex and fragmented regulatory procedures in China, delaying market entry and limiting patient access to innovative treatments. While the National Medical Products Administration (NMPA) has made progress in aligning with international frameworks, deeper cooperation with global regulators, such as the UK's National Institute for Health & Care Excellence (NICE) and Medicines and Healthcare products Regulatory Agency (MHRA), would help reduce barriers. Greater cross-departmental coordination within China is also needed, particularly in areas like data privacy, intellectual property, and human genetic data management, to support timely, simultaneous product approvals.

Regulatory inefficiencies not only delay the availability of new treatments but also create uncertainty that deters foreign investment. This risks China falling short of its ambitions to become a global leader in healthcare innovation. Streamlining approval processes would provide an opportunity to build a more efficient, world-class system that attracts investment and accelerates patient access. This would be a vital step towards growing the sector and strengthening business confidence, in line with China's aspirations to be at the forefront of medical advancement.

Increased collaboration with regulatory bodies such as NICE and MHRA would also help align China's approach with international best practice. This would speed up access to innovative treatments, improve patient outcomes, and encourage global companies to prioritise China in their launch strategies.

Recommendations:

- Following on from the UK-China Health Dialogue, look to expand collaboration into departments beyond the UK Department for Health and Social Care and the Chinese National Health Commission;
- Create structured engagement mechanisms between the NMPA and relevant Chinese ministries on key cross-cutting issues such as data privacy, IP protection, and human genetic data governance;
- Establish new regulatory dialogue mechanisms between the UK and China, focusing on improving alignment between the NMPA and UK regulatory bodies such as NICE and MHRA with space to share best practices, harmonise approval processes, and improve transparency and efficiency in the regulatory system;
- Promote alignment with international standards to enable simultaneous global submissions and reduce delays in bringing new products to Chinese patients.

2 PROMOTE COMMERCIAL HEALTH INSURANCE TO ENHANCE MULTI-TIERED HEALTHCARE SECURITY

The integration of commercial health insurance (CHI) with basic medical insurance (BMI) is a crucial step in enhancing healthcare access and financial protection for all segments of the population in China. While BMI has played a pivotal role in expanding healthcare coverage, there remains a gap in meeting the diverse needs of patients, particularly those requiring more specialised treatments. By aligning CHI with BMI, the government can foster a more comprehensive, multi-tiered healthcare system that provides better coverage, improved sustainability, and more affordable options for patients.

To optimise this system, it is essential to increase the availability of CHI options, expand coverage in public hospitals, and ensure affordability for different income groups. The experience of countries like Singapore can provide valuable insights into creating flexible and tiered payment systems that address both short-term needs and long-term care.

Furthermore, improvements in the drug coverage system – particularly for Category C drugs – will ensure

that patients have access to the latest therapies without financial barriers. Ensuring the dynamic pricing of these drugs and integrating them with insurance policies will help balance innovation with affordability.

Recommendations:

- Align commercial health insurance with basic medical insurance to meet diverse patient needs;
- Expand CHI coverage in public hospitals and integrate it into long-term care insurance frameworks;
- Optimise premium payment policies, allowing BMI personal accounts to fund family CHI policies;
- Implement a dynamic pricing mechanism for Category C drugs to balance affordability and innovation.

3 EXPAND ACCESS TO ADULT IMMUNISATION

Prevention is a critical focus in improving public health and supporting healthy ageing. Vaccines are among the most effective and cost-efficient tools to prevent disease. While childhood immunisation programmes are well-established in China, the adult vaccination service system has significant potential for growth. Expanding access to adult immunisation can offer substantial protection to the adult population and deliver long-term economic benefits.

Unlike childhood immunisation, which is mandated and publicly funded, adult vaccination rates in China remain extremely low. By increasing investment in adult immunisation, China can reduce the burden of vaccine-preventable diseases and alleviate long-term pressure on healthcare systems.

In particular, efforts should focus on improving awareness of adult immunisation, driving regulatory improvements, enhancing market access, and developing national policies and technical guidelines for adult vaccination. Strengthening the training of general practitioners and fostering digital connectivity will also be essential to support the widespread uptake of vaccines.

Recommendations:

- Increase investment in adult immunisation, focusing on access and public awareness;
- Strengthen regulatory cooperation to accelerate vaccine approval and market access;
- Improve training for general practitioners and use digital tools to boost immunisation uptake.

4 EXPAND THE SCOPE OF TARIFF-FREE IMPORTS OF ACTIVE PHARMACEUTICAL INGREDIENTS (APIs)

British pharmaceutical companies are actively looking to localise manufacturing and invest in production lines in China, but are constrained by tariff policies that raise costs and limit the viability of full-scale onshoring. Current tariff structures penalise end-to-end production while favouring sub-packaging and reprocessing.

According to the British Chamber's *Business Sentiment Survey 2024-2025*, 35% of healthcare companies are planning to localise manufacturing and 25% aim to source components locally.[4] British companies have reported that API tariffs are a determining factor in headquarter-level decisions on whether to expand production lines in China.

While intermediate or semi-finished pharmaceutical products for sub-packaging are duty-free, imported APIs still attract tariffs of 4%–6.5%. This regulatory inconsistency discourages investment in full-scale manufacturing, undermining China's ambition to become a global hub for affordable, high-quality medicines. Reducing these tariffs would lower production costs, strengthen local supply chains, and support chronic disease treatment by encouraging greater investment in domestic production capacity.

Recommendations:

- Introduce tariff exemptions or reductions for imported APIs that are used in medicines manufactured in China by foreign-invested enterprises;
- Offer targeted policy support for companies that establish or expand production lines domestically.

OVER-THE-COUNTER (OTC) MEDICINES

5 ACCELERATE APPROVALS OF OTC MEDICINES TO FACILITATE AND PROMOTE SELF-CARE

OTC medicines play a vital role in building a healthcare system that is financially sustainable and capable of meeting long-term patient needs. By empowering individuals to manage common and minor health conditions, OTC medicines help ease pressure on hospitals and ensure resources are directed toward more serious cases.

Despite this, many companies report delays and uncertainty in the approval process for new OTC products, including medicines with proven safety and efficacy records from international markets. These delays restrict patient access to trusted self-care options and limit the healthcare system's ability to adopt global best practices.

Accelerating the approval of OTC medicines would not only give patients faster access to effective treatments but would also support broader efforts to improve healthcare efficiency. This approach has been proven in other markets, including the UK's National Health Service, where self-care helps reduce unnecessary clinical consultations and allows healthcare professionals to focus on complex conditions.

Recommendation:

- Accelerate the approval process for over-the-counter (OTC) medicines with a proven safety and efficacy record in international markets, including branded medicines.

DISEASE-SPECIFIC AREAS

6 ACCELERATE APPROVAL PATHWAYS FOR CHRONIC HEPATITIS B TREATMENTS

Chronic Hepatitis B (HBV) continues to pose a major public health and economic challenge for China. Despite being a national priority under the *Healthy China 2030* strategy, the country still accounts for one-third of the world's HBV carriers, with an estimated 75 million individuals living with the virus.[5]

The World Health Organisation (WHO) established a goal to eliminate hepatitis by 2030, which includes a 90% reduction in new infections, a 65% reduction in mortality, a 90% diagnosis rate, and an 80% treatment rate.[6] China has made significant progress in reducing new infections. However, as of 2022, there remains a substantial gap in diagnosis and treatment rates in China, at 22% and 15%, respectively, compared to the WHO's 2030 targets.[7]

Although China's Hepatitis B Treatment Guidelines advocate for 'Treat All Strategies,' existing antiviral therapies can slow disease progression but cannot achieve a functional cure that would further reduce the incidence of hepatocellular carcinoma (HCC). The annual treatment

4 'British Business in China: Sentiment Survey 2024-2025,' British Chamber of Commerce in China, December 2024

5 'Healthy China 2030 ("健康中国2030"规划纲要),' Central Committee of the Chinese Communist Party and State Council of the People's Republic of China, October 2016

6 'Elimination of hepatitis by 2030,' World Health Organisation

7 'Hepatitis in China,' (中国的肝炎), World Health Organisation (世界卫生组织)

cost associated with liver cancer has reached 24 billion RMB, with over 70% of cases attributed to hepatitis B.[8]

Considering the huge unmet need and urgency to eliminate HBV by 2030, China should promote the development of innovative medical products for a HBV functional cure. One international example that could be followed is Japan's SENKU Designation for bepirovirsen, which has led to first-in-world approvals and offers prioritised consultations at any development stage, pre-review of regulatory documents on a rolling basis, targeting up to six months from NDA submission to approval, and an extended data-protection period (up to ten years post-approval).[9] Additionally, products granted marketing authorisation can benefit from a pricing premium. Implementing similar strategies in China could significantly expedite the approval process for functional cures for HBV. By doing so, foreign pharmaceutical companies would also prioritise China as a first launch market. Streamlining regulatory processes and enhancing engagement with foreign-invested pharmaceutical firms can expedite the availability of advanced treatments, aligning with China's public health objectives.

Recommendations:

- Establish an accelerated review pathway within the Centre for Drug Evaluation (CDE) for innovative chronic Hepatitis B functional cure therapies aligned with *Healthy China 2030* targets;
- Increase regulatory engagement with foreign-invested pharmaceutical firms developing novel HBV drugs, to facilitate early dialogue and streamline the New Drug Application (NDA) process.

7 FURTHER IMPROVE THE SYSTEM FOR RARE DISEASE MEDICATION, DIAGNOSIS, TREATMENT AND PAYMENT TO ENHANCE ACCESSIBILITY AND AFFORDABILITY

Ensuring timely and affordable access to rare disease medications remains an ongoing challenge in China's healthcare system. The Chinese government has made important progress in recent years – including the publication of the *First National List of Rare Diseases* and the expansion of designated treatment centres – but further action is needed to address gaps in research incentives, diagnostic capacity, payment systems, and long-term patient access.[10]

Rare diseases, by definition, affect relatively small patient populations, which makes the path from drug discovery to clinical use especially complex. Without strong intellectual property protections and clear regulatory pathways, the commercial risks involved in developing treatments for these conditions can outweigh the potential rewards, limiting the availability of new medicines in the Chinese market. Improving protections through market exclusivity and allowing more flexibility for clinical data requirements, such as recognising real-world data as an alternative to post-marketing commitment clinical trials, would help lower barriers for both global and domestic innovators.

Even when treatments are available, patients often experience delays in diagnosis and face financial barriers to care. Strengthening early screening efforts and establishing a unified national rare disease testing platform would support earlier and more accurate diagnoses. Allowing hospitals with testing capabilities to offer specialised services with transparent and reasonable pricing would also improve access and ensure resources are used more efficiently. Enhancing the role of regional centres of excellence and introducing standardised protocols for the diagnosis and treatment of rare diseases would help ensure that all patients receive consistent and high-quality care.

Alongside improvements in diagnosis and treatment, the payment and reimbursement system for rare diseases requires further development to improve affordability. Establishing dedicated national and provincial rare disease funds and increasing flexibility within the National Healthcare Insurance system, including longer-term reimbursement agreements for high-value treatments, would reduce financial burdens on patients and help encourage the introduction of innovative therapies in

8 'The population-level economic burden of liver cancer in China, 2019–2030: prevalence-based estimations from a societal perspective,' July 2022

9 'Bepirovirsen granted SENKU designation in Japan for chronic hepatitis B,' GSK, August 2024

10 'China has officially released its first national list of rare diseases,' May 2018

China. Addressing the "last-mile" challenge of hospital availability for rare disease medications will also be important to ensure that even approved treatments are reliably accessible.

Taken together, a more comprehensive and joined-up approach would not only strengthen support for patients but also contribute to China's broader aim of building a healthcare system that promotes both innovation and equity.

Recommendations:

- Grant rare disease medications a minimum of seven years of market exclusivity and strengthen intellectual property protections to encourage pharmaceutical innovation;
- Allow the use of real-world data (RWD) to replace post-marketing commitment (PAC) clinical trials, especially for conditions with limited patient populations;
- Strengthen the construction of rare disease medical centres (Centres of Excellence) and develop standardised diagnostic and treatment protocols;
- Establish a national rare disease testing platform and expand fiscal subsidies to support wider early screening coverage;
- Create dedicated national and provincial rare disease funds, introduce multi-year reimbursement agreements under the National Healthcare Insurance system, and exempt rare disease medications from Diagnosis Related Group (DRG) and Diagnosis-Intervention Packet (DIP) payment evaluations;
- Develop specialised legislation to clarify definitions, strengthen supply security, and establish clear policy mechanisms for research, prevention, diagnosis, treatment, and patient healthcare coverage for rare diseases.

SUSTAINABILITY IN THE HEALTH SECTOR

8 ADVANCE GREEN DEVELOPMENT AND SUSTAINABILITY IN THE PHARMACEUTICAL SECTOR

Sustainable development is increasingly central to the future of healthcare. As China continues to pursue high-quality growth and carbon neutrality targets, the pharmaceutical industry has a vital role to play in reducing emissions and building resilience across the supply chain. British pharmaceutical companies are keen to support this transition, but need clearer guidance and partnership opportunities to implement low-carbon practices at scale.

A greener pharmaceutical sector will also support improved health outcomes by ensuring cleaner air, safer production environments, and sustainable access to medicines. Progress will depend on stronger cooperation between the government and industry. Specific guidance and policy incentives would support biopharmaceutical companies in adopting low-carbon practices and partnering with new energy and digital economy enterprises to drive clean, data-driven transformation.

Platforms for cross-sector collaboration can also help accelerate innovation and scale sustainable solutions across the entire healthcare value chain from manufacturing and logistics to procurement and packaging. The UK's National Health Service (NHS) is recognised globally as a leader in green healthcare and was the world's first health system to commit to net zero emissions. Reinvigorated bilateral cooperation between the UK and China offers an opportunity to share best practices, align standards, and co-develop solutions for a more sustainable healthcare future.

Recommendations:

- Encourage cross-industry partnerships between biopharmaceutical, clean energy, and digital technology companies to promote carbon reduction through innovation;
- Introduce specific policies and guidance to support the green transformation of pharmaceutical supply chains, including incentives for low-carbon technologies;
- Establish a formal platform for public-private cooperation on sustainable healthcare, bringing together stakeholders from government, industry, and academia;
- Promote collaboration with the UK on sustainable healthcare initiatives, including knowledge exchange with the NHS on green hospital practices, procurement standards, and emissions tracking.

9 ACCELERATE THE STANDARDISED DEVELOPMENT OF ELECTRONIC DRUG LEAFLETS

The adoption of electronic drug leaflets offers significant benefits in terms of accessibility, timeliness, and environmental sustainability. By enabling rapid updates and

reducing reliance on paper, electronic leaflets can greatly improve patient comprehension and ensure up-to-date information is always available. While progress has been made, such as through the Age-Friendly and Accessibility Reform Pilot Programme, challenges remain, including fragmented regulations and inconsistent data standards.[11]

A coordinated legal and technical framework, along with the development of a unified platform, is crucial to support the nationwide implementation and standardisation of electronic leaflets in China.

Recommendations:

- Revise the *Regulations on Drug Package Inserts and Labels* to clarify the legal definitions and ensure consistent implementation of electronic leaflets;
- Establish technical guidelines and standards to ensure uniformity and facilitate compliance across the sector;
- Create a national platform for electronic leaflets, integrating regulatory data and enabling real-time updates;
- Standardise data formats to enhance clarity, accuracy, and accessibility for all users;
- Adopt globally recognised data standards (e.g., HL7 FHIR, a standard for healthcare data exchange) and unify technical specifications to align with international norms, ensuring seamless integration across systems.

HEALTH DATA

10 REFINE CROSS-BORDER DATA TRANSFER POLICIES TO SUPPORT GLOBAL R&D COLLABORATION

As foreign pharmaceutical companies continue to expand their research and development (R&D) operations in China, the need for clearer, more efficient policies surrounding cross-border data transfers has become increasingly critical. Current challenges include inconsistent data anonymisation standards, fragmented regulatory requirements for clinical trials, and ambiguous definitions of 'critical data', which are hindering smooth global collaboration and slowing down innovation. Strengthening and harmonising data transfer regulations will support both local and international pharmaceutical firms, ensuring China remains an attractive destination for R&D while maintaining necessary data security.

A more consistent and transparent approach to cross-border data transfers is essential to facilitate global collaboration. This includes clear protocols for anonymising clinical trial data, developing streamlined approval processes, and standardising practices in clinical trials. By addressing these issues, China can bolster its position in global pharmaceutical innovation and align with international best practices.

Recommendations:

- Establish clear protocols for anonymising personal data in clinical trial reports and adverse event submissions;
- Implement a sector-specific 'negative list' for data exempt from security assessments, particularly in free trade zones, to expedite approvals;
- Standardise disclosures in informed consent forms (ICFs) regarding cross-border data usage, ensuring compliance with both Good Clinical Practice (GCP) and local regulations;
- Define and publish a comprehensive 'critical data' catalogue, outlining which pharmaceutical data require enhanced security measures.

11 'Package Insert Age-Friendly and Accessibility Reform Pilot Programme' (药品说明书适老化及无障碍改革试点工作方案), National Medical Products Administration, October 2023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LEGAL SERVICES

OUR POSITION

1. Streamline the approval process for appointing new representatives
2. Continue to further advance the joint law office model in the Shanghai free trade zone
3. Eliminate the unfair tax treatment of foreign law firms by allowing them to structure as partnerships
4. Permit foreign law firms to practise Chinese law on a trial basis in non-sensitive areas
5. Allow lawyers qualified in the Greater Bay Area to practise Chinese law on behalf of foreign law firms
6. Permit foreign law firms to participate in government meetings with their clients
7. Enable a more streamlined and fairer process for foreign law firms to open new offices in China

STATE OF THE SECTOR

LOOKING BACK

UK law firms have generally maintained a steadfast presence in China's legal services market even as global competitors retract, leveraging their expertise in English and Welsh law and cross-border investment to fill critical market needs. At the time of writing, multiple US law firms have closed offices in Shanghai since the beginning of 2024 due to muted deal activity and geopolitical tensions.[1] In contrast, UK law firms have demonstrated a more positive commitment to the Chinese market. According to *Chamber's Business Sentiment Survey 2024-2025,* only 6% of UK law firms are considering or planning on completely leaving China.[2] After previous delays, several UK firms have received approval to form Joint Law Offices (JLOs) in the Shanghai Free Trade Zone (FTZ) this year. In addition, a handful of others have opened new offices in Shenzhen to take advantage of the growing opportunities presented by the Greater Bay Area (GBA).

Under its new government, the UK has placed legal services at the forefront of its Industrial Strategy and growth agenda.[3] This has seen the sector included as one of the cooperation areas of the 2025 UK-China Economic and Financial Dialogue (EFD).[4] Earlier this year, the British Chamber of Commerce also met with the UK's Ministry of Justice (MoJ) to discuss opportunities in China, with legal services emerging as a focal point of the discussions. Greater awareness from the UK Government towards legal services as a growth sector has created the potential for greater cooperation between our two legal professions. However, while Chinese firms have full access to the UK's legal market, China has yet to address the persistent operational restrictions and market access barriers that continue to inhibit UK and other foreign law firms.

FUTURE OPPORTUNITIES

UK law firms are uniquely equipped to support Chinese companies in their global expansion, particularly under China's 'going global' strategy. The Chamber's *Business Sentiment Survey 2024-2025* revealed that 84% of UK law firms are actively seeking to assist Chinese companies in navigating British and other international markets as part of their growth plans. This is being driven particularly by Chinese companies in the GBA, which in turn has created significant interest in the region among law firms. Their expertise in advising on English law, globally regarded as a neutral law which governs trillions of pounds each year in international commercial transactions and contracts, makes them ideally placed to support Chinese companies with their international investments.[5]

1 'Why Foreign Law Firms Are Leaving China,' The Economist, January 2025

2 British Business in China: Sentiment Survey 2024-2025,' British Chamber of Commerce in China, December 2024

3 'Invest 2035: the UK's Modern Industrial Strategy,' UK Government Department for Business and Trade, October 2024

4 2025 UK-China Economic and Financial Dialogue Policy Outcomes, HM Treasury, January 2025

5 'Global position of English law: International Data Insights 2024,' The Law Society, September 2024

OUR POSITION

1 STREAMLINE THE APPROVAL PROCESS FOR APPOINTING NEW REPRESENTATIVES

UK law firms face significant challenges arising from lengthy and bureaucratic approval processes for appointing chief and general representatives to their China offices. General representatives must have two years of experience outside China, while chief representatives need at least three years of experience and must have been domiciled in China for six months. Additionally, representatives cannot concurrently hold positions in more than one office, requiring foreign firms to appoint different representatives for each location.

The registration process for these representatives is lengthy and time-consuming, taking 9-12 months on average. UK law firms report that approval times have even got longer over the past year, with registration now often taking as long as 18 months. While the local authorities in cities such as Shanghai and Shenzhen are relatively quick and efficient in completing registration procedures, the delays primarily sit with the Chinese Ministry of Justice (MoJ) in Beijing. If more foreign law firms open offices in China, this issue will likely worsen.

These delays make it difficult for firms to operate in the interim and often result in additional costs for temporarily resettling new representatives in nearby regions while awaiting approval. Long waits for approval put firms in an uncertain position due to the requirement that law firms must have a chief representative for each office in place at all times.

UK law firms would also benefit from a clearer and more transparent process for registering new representatives. Prolonged waiting periods for approval, often with little to no updates from authorities, can naturally arouse concern. When firms enquire about their application status, the information provided by the Chinese MoJ is often limited. Improving communication and offering timely updates would help reduce uncertainty and enhance the overall experience for both law firms and applicants.

Recommendations:

- Implement clear and reasonable timelines for each stage of approving new representatives and speed up this process where possible;
- Appoint more officials at the Chinese MoJ to handle registration matters. Alternatively, delegate such administrative processes to local authorities such as in Shanghai, Shenzhen and Beijing;
- Improve the transparency of the registration process, such as by enhancing communication with law firms regarding ongoing applications;
- Reduce the number of years of experience required to register as a representative.

2 CONTINUE TO FURTHER ADVANCE THE JOINT LAW OFFICE MODEL IN THE SHANGHAI FREE TRADE ZONE

The joint law office (JLO) model has not significantly evolved since its introduction in the Shanghai Free Trade Zone (FTZ) in 2014, with various restrictions continuing to limit opportunities for collaboration between Chinese and UK law firms. For example, the local Chinese partner must have been in operation for at least three years and employ over 20 full-time lawyers, and one of the partner firms must already be based in the Shanghai FTZ. Additionally, the foreign firm must have already been operating in China for three years through a representative office before being allowed to form a JLO. Currently, JLOs cannot even open a joint bank account in the firm's name and bill clients this way, despite initial expectations that the regulatory framework would progress towards allowing firms to establish a joint entity. Easing some of these requirements would encourage more foreign law firms to form JLOs, thereby strengthening their presence in China and helping to facilitate more foreign investment into the country.

Recommendations:

- Ease the requirements to form a JLO, including by reducing the required number of lawyers the partner firm must employ and the length of time that the foreign law firm has had a presence in China;
- Allow JLOs to open a joint bank account in the firm's name.

3 ELIMINATE THE UNFAIR TAX TREATMENT OF FOREIGN LAW FIRMS BY ALLOWING THEM TO STRUCTURE AS PARTNERSHIPS

Foreign law firms in China operate as representative offices, which by law subjects them to two layers of taxation, one on the office's profits and another on the individual income of their representatives and employees. In contrast, domestic law firms are permitted to structure as partnerships and are therefore only taxed on partnership income, which is subject to a much lower marginal rate than the individual income tax foreign firms must pay. As a result, since foreign firms cannot access this partnership tax advantages, Chinese law firm firms can offer lower fees to clients while generating similar levels of net income. This put foreign firms at a significant competitive disadvantage, especially when it comes to attracting and retaining Chinese legal talent.

Given the Chinese government's emphasis on attracting foreign investment, reassessing the current tax disparities would not only demonstrate a genuine commitment to creating a level playing field, but also help draw in investment, support the development of China's legal sector, and encourage foreign law firms to maintain a long-term presence in the market.

Recommendation:

- Allow foreign law firms to structure as partnerships, which would align the tax treatment of foreign law firms with domestic law firms.

4 PERMIT FOREIGN LAW FIRMS TO PRACTISE CHINESE LAW ON A TRIAL BASIS IN NON-SENSITIVE AREAS

Under China's current legal framework, foreign law firms are prohibited from practising Chinese law. In turn, this requires People's Republic of China (PRC)-qualified lawyers employed by foreign firms to surrender their practising certificates for the entire duration of their employment. As a result, Chinese lawyers at foreign firms are typically classified as 'Chinese legal consultants' and are not allowed to interpret, advise on, or represent clients in matters of Chinese law. Their role is effectively limited to providing 'information on the impact of the Chinese legal environment,' accompanied by a disclaimer stating that this does not constitute a legal opinion. In addition, foreign nationals are not allowed to take the China National Judicial Examination, which is a prerequisite for practising PRC law.

In contrast, local law firms are permitted to advise on both PRC law and English and Welsh law (or any other foreign law), giving them a clear competitive advantage by offering clients a one-stop shop for legal services. These regulatory restrictions severely limit foreign law firms' ability to attract and retain top-level Chinese lawyers given the restrictions placed on their scope of practise.

Recommendation:

- Introduce a pilot scheme allowing PRC-qualified lawyers to keep their practicing licence when joining a foreign firm in certain areas that are non-sensitive and most relevant to international law firms, such as commercial and corporate work (particularly M&A, investment, funds formation, financial regulatory and anti-trust areas).

5 ALLOW LAWYERS QUALIFIED IN THE GREATER BAY AREA TO PRACTISE CHINESE LAW ON BEHALF OF FOREIGN LAW FIRMS

The introduction of the Greater Bay Area (GBA) Legal Professional Examination was broadly welcomed by UK law firms operating in mainland China and Hong Kong. Once qualified, GBA lawyers are permitted to practise Chinese law in civil and commercial matters (including both litigation and non-litigation) within the nine mainland cities of the GBA. However, GBA-qualified lawyers are not allowed to practise Chinese law while employed by the representative office of a foreign law firm in China. Instead, they must work for a mainland Chinese law firm or a partnership association between a Hong Kong or Macao law firm and a mainland Chinese law firm based in one of the nine GBA cities.

The process for GBA-qualified lawyers seeking to practise Chinese law in the region poses several administrative challenges. After passing the GBA Legal Examination, eligible lawyers (Hong Kong or Macau residents with Chinese citizenship and at least three years post-qualification experience) must apply for a practising licence through a Chinese law firm with a presence in one of the mainland cities in the GBA. However, most foreign law firms with a presence in the GBA operate only as representative offices, and there are relatively few JLOs. Consequently, GBA-qualified lawyers must independently identify and affiliate with a 'friendly' Chinese law firm in the region to support their application. This requirement creates complications involving employment and confidentiality considerations, adding to the overall administrative burden.

Recommendations:

- Permit GBA-qualified lawyers to practise Chinese law in the GBA directly on behalf of the foreign law firm with a representative office in the GBA that they are employed by, instead of in association with a domestic Chinese law firm. Alternatively, allow GBA-qualified lawyers to practise Chinese law in the GBA through an alternative JLO that the foreign law firm participates in, such as in the Shanghai FTZ;
- Simplify the process for GBA lawyers applying to practise Chinese law and give greater consideration to GBA lawyers employed by foreign law firms.

6 PERMIT FOREIGN LAW FIRMS TO PARTICIPATE IN GOVERNMENT MEETINGS WITH THEIR CLIENTS

Foreign firms in China are generally prohibited from participating in meetings between their clients and mainland Chinese government authorities and regulators. In cases where the rules are unclear, firms typically adopt a cautious approach and decline involvement. In practice, these restrictions compel clients to choose legal representation based on who is permitted to appear before government agencies, rather than on who is best suited to meet their needs. This is particularly challenging in cross-border transactions, where a client may prefer a foreign firm for its expertise in the non-China aspects of the deal but must bring in additional counsel unfamiliar with the case, leading to inefficiencies and increased costs.

> ***Recommendation:***
>
> - Allow lawyers from foreign firms to represent their clients in meetings with government agencies where a client requires it.

7 ENABLE A MORE STREAMLINED AND FAIRER PROCESS FOR FOREIGN LAW FIRMS TO OPEN NEW OFFICES IN CHINA

Restrictions on foreign law firms' ability to open new representative offices and JLOs significantly limit the scope of legal work they can perform in China. To establish a representative office, foreign law firms must obtain approval from the Chinese MoJ and prove an 'actual or genuine need' for opening the office.[6] Once a representative office is established, they must wait three years before opening a second office and are capped at opening a maximum of three representative offices in mainland China. In contrast, Chinese law firms face no such limitations, with the largest firms operating dozens of offices nationwide. Similarly, Chinese law firms are not restricted in the number of offices they can open in the UK.

Following unexplained pauses in applications to establish JLOs in the Shanghai FTZ, it is encouraging that applications have resumed again over the past year, with several UK firms recently having received approval to form JLOs in the FTZ.

> ***Recommendations:***
>
> - Remove or at least reduce the existing three-year waiting requirement between opening new offices;
> - Increase the limit on how many offices foreign law firms are allowed to open.

6 'Regulations on the Administration of Foreign Law Firms' Representative Offices in China,' State Council, February 2002

SPORT

SUB-SECTORS

Professional Sports

Sports Data

Sports Education

OUR POSITION

1. Improve live sports event hosting standards to simplify planning and attract more events
2. Strengthen coordination with governing bodies and local authorities
3. Invest in grassroots sports development and fostering sports culture
4. Improve dialogue on the protection of sports data IP

STATE OF THE SECTOR

LOOKING BACK

Britain and China have a long history of collaboration across the sports sector. In recent years, China's sports industry has been expanding and reached a total value of RMB 3.67 trillion (GBP 378 billion) in 2023.[1] British firms are active in a range of modern sports in the country, with investment ongoing in football, snooker, equestrianism, sailing and motorsport. British architectural firms have also supported the recent building of multiple new sports stadia across the country, with many designs incorporating elements of local culture, key to establishing a sports culture and identity.

The last year has seen the return of many British sporting events in China. Six snooker events will be held in the country in 2025, with Formula E due to host motorsports racing this spring and Premier League teams due to play friendlies in Hong Kong this summer for the first time since COVID-19.[2] There have also been investments in facilities for excellent events in other areas, including Olympic standard sailing facilities in Hainan and Shandong.[3] This year has also seen the Premier League open an international office in Beijing to support the continued growth of the League and its clubs in China.[4]

FUTURE OPPORTUNITIES

Investment in the sustained growth of the sports sector alongside sports culture can serve as a vital tool as China seeks to boost consumption, increase tourism and encourage healthy ageing.

On this, there is ample opportunity to work with Britain to improve the standards, uptake and facilities for sports in China. The 2025 UK-China Economic and Financial Dialogue (EFD) proposed a number of future fora and technical exchanges in the sports industry, with such dialogues having been on hold since the 5th meeting of the UK-China High-Level People-to-People Dialogue in 2017. The Chamber welcomes further cooperation and collaboration in the sports sector between the two countries.

In addition to this, working closely with international sports leagues and teams can serve as an important output for Chinese firms looking to expand globally. China's growth and investment in fashion, electric vehicles and e-commerce in the UK presents an opportunity to find commercial opportunities for sponsorship and brand exposure in the UK and beyond given the international footprint of major sports broadcasts.

1 '2023 National Sports Industry Total Scale and Added Value Data Announcement (2023年全国体育产业总规模与增加值数据公告),' National Bureau of Statistics, General Administration of Sport of China (国家统计局 国家体育总局), December 2024

2 'Updated 2024/25 WST Calendar,' World Snooker Tour, January 2024
'Season 11 Calendar: The Formula E Races in 2024/2025,' The ABB FIA Formula E World Championship, June 2024
'Premier League clubs' summer 2025 pre-season friendly fixtures,' Premier League, April 2025

3 'Qingdao Olympic Sailing Centre,' Charming Qingdao, December 2017

4 'Premier League opens office in Beijing,' Premier League, October 2024

OUR POSITION

1 IMPROVE LIVE SPORTS EVENT HOSTING STANDARDS TO SIMPLIFY PLANNING AND ATTRACT MORE EVENTS

Live events play a vital role in the sports sector by fostering a sense of community among athletes and spectators. British sports companies possess extensive expertise in hosting successful sports events globally, with events held in areas like racing, snooker and football in recent years. Despite this, many have suggested that holding events in China is more complicated than other markets, with increased compliance barriers which drive up costs.

One such issue is the current stadium capacity limit, which forces organisers to forfeit a substantial proportion of ticket revenue alongside leaving numerous empty seats that dampen the atmosphere and undermine the quality of broadcast products. While companies attempt to mask vacant areas with advertising banners, this incurs an unnecessary expense. Article 7 of *Several Measures to Further Cultivate New Growth Points and Prosper Cultural and Tourism Consumption* released in January 2025 calls for the relaxation of ticket-sales restrictions for large-scale, for-profit performances.[5] The Chamber welcomes this development and urges its extension to sporting events. Easing capacity limits would allow for more efficient resource allocation, attract larger audiences and boost both consumption and tax revenues.

Moreover, the Public Security Bureau's requirement to submit full name lists of foreign participants several months in advance complicates event planning. Sporting events involve frequent changes to participant rosters, making it impractical to finalise details so early. Article 11 of the *Special Action Plan for Boosting Consumption* released in March 2025 promises to optimise approval procedures through 'one-time approval and national tour' measures.[6] The Chamber commends this initiative

5 '"The General Office of the State Council issued the 'Several Measures to Further Cultivate New Growth Points and Prosper Cultural and Tourism Consumption' (国务院办公厅印发《关于进一步培育新增长点繁荣文化和旅游消费的若干措施》的通知),' General Office of the State Council (国务院办公厅), January 2025

6 'The General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued the 'Special Action Plan for Boosting Consumption'(中共中央办公厅 国务院办公厅印发《提振消费专项行动方案》),' Chinese Government Network (中国政府网), March 2025

and looks forward to its effective implementation in the sports sector.

The Chamber welcomes the EFD proposal for a sports industry and standards dialogue and hopes that there can be some focus on leveraging British expertise in hosting large-scale events safely and effectively. Enhancing live event hosting standards will encourage greater investment in the sector, acting as a catalyst for China's ambition to become a world sporting powerhouse by 2035.[7] Further growth in the sector will drive domestic consumption and increase tax revenues.

Recommendations:

- Host UK-China technical exchanges on crowd safety in sports with an aim of hosting events in China at full stadium capacity;
- Relax the stadium capacity limit to attract larger audiences and enable better resource allocation for sports events in China;
- Introduce a streamlined procedure for foreign companies to obtain live-event hosting permits, with longer lead times and easier access for participants coming for sports events.

2 STRENGTHEN COORDINATION WITH GOVERNING BODIES AND LOCAL AUTHORITIES

British sports companies are eager to expand their portfolio in China, with the aim of hosting more events across the country, contributing to local growth and tourism. This year, British sports companies have made strides by investing in sailing in Qingdao and holding snooker events in a variety of provinces, including Jiangxi, Shaanxi, Shanghai, Jiangsu and Hubei.

For these events to be planned and delivered successfully, effective coordination and collaboration with governing bodies and local authorities is essential. While many companies have found local engagement to be productive, some have noted challenges in navigating varying levels of alignment between local government priorities and the overarching objectives of the Chinese General Administration of Sport. These challenges can sometimes complicate long-term event planning and investment decisions.

Recommendations:

- Establish more consistent communication channels and joint planning mechanisms among key institutions and local authorities;
- Foster greater alignment of strategic objectives and policy support across governing bodies and local authorities.

7 'Sports minister aims at building powerhouse sector by 2035,' China Daily, March 2024

3 INVEST IN GRASSROOTS SPORTS DEVELOPMENT AND AND FOSTERING SPORTS CULTURE

British companies are leaders in the grassroots development of sports globally, with strong platforms for building people-to-people exchanges and nurturing top talent across various disciplines. In China, British companies have brought expertise in grassroots sports education, spanning football, sailing, horse riding, and snooker, with investments in numerous Chinese provinces. The development of sport at the grassroots level is crucial for fostering domestic talent and building a solid foundation for the growth of sports such as tennis and snooker in China.

Investing in grassroots sports is also a key driver for improving healthy ageing in China. Regular participation in recreational sports is linked to better health outcomes and can reduce the long-term burden on the healthcare system.

British companies are eager to collaborate with China to further develop sports locally. In football, in particular, many British clubs have contributed to the growth of the sport across several Chinese provinces, supporting the development of local talent and contributing to the creation of a broader, deeper sports culture, a key enabler for future market growth in Europe.

China has made substantial investments in football stadiums and facilities, but a common challenge faced by grassroots sports development is the availability of space. While China boasts many excellent sports facilities, particularly in public schools and universities, these are often not available for community use. In the UK, it is common to see such facilities being utilised as community hubs in the evenings and weekends, offering local players more opportunities to access quality pitches.

Recommendations:

- Enhance technical exchanges on grassroots sports development, particularly in football culture;
- Support and facilitate more collaboration on sports initiatives (mirroring successful initiatives like Premier Skills, organised by the Premier League in partnership with British Council);[8]
- Strengthen cooperation between Chinese government departments to streamline the development of grassroots sports;
- Encourage schools and universities to make their sports facilities available for community use and increase cooperation with private sector clubs;
- Increase access to British qualifications in sports to support the development of local coaches and trainers;
- Encourage adaptation of UK expertise in scientific measurement of the social impacts of sport to better direct government and sponsor funding.

8 'The General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued the 'Special Action Plan for Boosting Consumption' (中共中央办公厅 国务院办公厅印发《提振消费专项行动方案》)' Chinese Government Network (中国政府网), March 2025

4 IMPROVE DIALOGUE ON THE PROTECTION OF SPORTS DATA INTELLECTUAL PROPERTY

British companies are leaders in the collection and analysis of sports data, with their innovative approaches helping improve training and match preparation across various sports. As a result, many British firms have entered the Chinese market, collaborating with clubs and broadcasters to provide reliable sports statistics and insights.

However, mature 'web crawler technology', which methodically collects information from across the internet, combined with the rapid development of AI tools has led to some challenges. These technologies are being used to scrape sports data from British sources and sell it as a competing product in the market, undercutting British firms who rely on their intellectual property. This not only reduces profit margins but also restricts growth opportunities for British companies operating in China. While protecting intellectual property in such a fast-evolving sector remains complex, there are opportunities to address these challenges through open dialogue and collaboration.

The upcoming technical exchanges on sports and the UK-China Intellectual Property Symposium, both highlighted in the EFD policy outcomes, provide valuable platforms for the two countries to engage on this issue.[9] These forums will enable both sides to share best practices, enhance understanding, and explore solutions for safeguarding intellectual property in the sports data sector.

Recommendations:

- Strengthen bilateral dialogue between China and the UK on the protection of sports data intellectual property;
- Utilise platforms such as the UK-China IP Symposium to discuss challenges, share best practices, and find practical solutions to address data scraping and intellectual property infringement;
- Encourage collaboration between both governments and the private sector to develop clearer frameworks for protecting sports data and intellectual property in the age of AI.

9 '2025 UK-China Economic and Financial Dialogue: policy outcomes,' UK Government, January 2025

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