

"Better business environment needed" in EU for Chinese companies

Press contact

Jakub Hera- Adamowicz

+32 499 641 839

jakub.hera.adamowicz@huawei.com

Philip Herd

+32 491 165 509

Philipherd@huawei.com

Kevin Li

+32 470 530 608

lichenyu@huawei.com

The CCCEU launches first flagship report, calling for better business environment in EU for Chinese businesses

BRUSSELS----Summarizing Chinese companies' rapid development in Europe and recommending to improve business environment in EU, China Chamber of Commerce to the EU(CCCEU), based in Brussels, has launched its first flagship report on 11th October.

The report, titled Report on the Development of Chinese Enterprises in the EU (2019) is a joint effort by the CCCEU and Roland Berger Management Consultants. Zhou Lihong, chairman of the CCCEU, Raymond Wang, Global Partner of Roland Berger and Didier Tshidimba, Senior Partner of Roland Berger attend the press

conference.

Zhou says Chinese companies are committed to exploring more opportunities in Europe by sending a positive note in this report. “ Chinese entrepreneurs have confidence in the EU's large market of 500 million people and in the professionalism of EU's business partners and high-quality employees,” says Zhou, who has witnessed the process of rapid growth and joint prosperity brought by Chinese businesses in Europe.

The CCCEU was legally registered last summer with the purpose of further promoting China's economic and trade interactions with Europe, exploring more business opportunities, and fostering a better environment for European-Chinese companies in Europe. Even more importantly, the CCCEU aims at assisting the Chinese companies to operate fully in compliance with European laws and regulations as well as common rules, and thus build up their true image in the EU. “Since then, we have already received mounting supports from European governments and various sectors, especially those from business industry. We highly appreciate and value them,” says Zhou.

Looking forward, Zhou says under the guidance of China's new development principles and the "do as promised" tradition of China, the business activities of Chinese enterprises in Europe will become more mature and frequent. Quoting policy guidelines of Ursula von der Leyen, the new president of the European Commission, who will take office on November 1, "Multilateralism is in Europe's DNA. It is our guiding principle in the world." Zhou says, “I believe that she will also share the same concept with Chinese leaders, which is expected to be a ‘reassurance pill’ for our Chinese enterprises in Europe.”

Zhou also says that she has noticed the new EU leadership is committed to leading the transition to a healthy planet and a new digital world and bringing people together and upgrading the unique social market economy to fit today's new ambitions.

“On behalf of more than 900 Chinese enterprises currently listed in the CCCEU, I sincerely appreciate the political wisdom of the new EU leaders,” says Zhou. “As corporate citizens in Europe, we will also participate in such European transformation through mutually beneficial activities.”

Raymond Wang, Global Partner of Roland Berger, says in recent years, along with

the acceleration towards globalization, many Chinese companies have taken root and thrived in the EU countries.

Under this development background, Raymond Wang says their team has written this report to identify the current situation of Chinese enterprises' investment and business development in the EU, benefits that Chinese enterprises brought to EU countries, business environment and challenges for Chinese enterprises and finally, some suggestions for promoting the development of Chinese enterprises in Europe. "During these impressive progresses Chinese companies have made in the EU, they have also brought in enormous benefits to the EU, including industry development, community livelihood, government administration and technology research," says Raymond Wang.

Raymond Wang also says that Chinese companies in Europe are still facing challenges, such as limited access of Chinese companies in certain key areas due to the increasing censorship of foreign investment by the EU, restrictions on the development of some businesses of Chinese companies due to misunderstandings arising from political and public opinion, little participation in EU standard setting, poor communication between China and the EU etc. "Although these challenges have not shaken the confidence and determination of the Chinese companies to develop in Europe, they have inevitably slowed down the pace of enterprise development," says Raymond Wang.

The report identifies and specifies 10 key findings from the following 3 dimensions: the current situation of the investment and business development of Chinese enterprises in the EU, the benefits that Chinese enterprises' development brought to EU countries, and the business environment and challenges for the development of Chinese enterprises in the EU.

Several key findings go as follow:

- Chinese enterprises in the EU create 0.25 million local workforce opportunities through their development, and they are also dedicated to local infrastructure, education, and healthcare to improve livelihood level.
- In terms of capital source, Chinese enterprises' investment demonstrates a rising proportion of private capital, from 14% in 2010 to the current 60%.
- In Chinese enterprises' strategic planning, the EU countries are not only sales market, but more importantly, primary technology and production

locale. Correspondingly, a number of Chinese firms have established their R&D centres and factories in the EU for long-term growth. Huawei has built no less than 23 R&D centres in 14 EU countries, where 2,383 R&D staff are employed and over 75 million Euro is invested to sponsor the research projects.

In order to promote the development of both parties, three recommendations are proposed for Chinese enterprises and the EU government.

- The EU governments should develop an overall perspective of industry and its long-term development, keep the EU a free market without politicization of business issues, agree to disagree, to build a navigable, predictable, and transparent business environment.
- The EU governments should be supportive of Chinese enterprises development in the EU. Possible measures can include establishing of workplace for two-sided communication and coordination, institute for investment promotion, and upgrading procedures and regulations.
- Chinese enterprises in the EU should not only acclimate to local EU economy and industry to improve industry output, but also maintain Chinese cultural elements to build "EU-based companies with Chinese genes".

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