Steven Lynch – Managing Director, British Chamber of Commerce in China



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Steven Lynch, managing director of the British Chamber of Commerce in China, introduces the Chamber's activities in support of their members, the research they are undertaking to produce a position paper on UK PLC in China in 2019 and the great opportunities for British businesses in China.

Steven, could you start by introducing the British Chamber of Commerce in China?

As a membership organization, the British Chamber of Commerce (BritCham) represents, advocates and lobbies for British businesses in the Chinese market. We have a plethora of diverse members in terms of size and industry sector and we pride ourselves in promoting the interests of British companies of all shapes and sizes in China. We have four chapters within China: Beijing, Shanghai, Chengdu and Guangzhou.

BritCham has organized 11 different industry forums, some of which are sectoral, like healthcare, financial and professional services, and education; and some of which are thematic based on cross-cutting issues like marketing, leadership and human resources. Within our industry groups in particular, we focus on both market access issues and general business environment. These involve fundamental questions like, what are the issues preventing companies from working in China or accessing the Chinese market? But we also take a positive angle and look at the

opportunities for British companies within the Chinese market. How can we promote better understanding of the Chinese market amongst our members?

A large part of our current work is also focused on events. We organize both regular professional and social networking events as well as ad hoc events geared towards responding to current events or updating our members on new market trends and developments. We are very keen to educate and support British businesses operating in the market.

With Brexit over the past 1.5 years, BritCham has had to reposition itself. Previously, advocacy work had largely been done by the European Chamber of Commerce (of which BritCham is a member) but evidently we now need our own voice as a country. This is why BritCham is actively seeking to reposition itself and develop our own voice in order to better look out for our own interests.

What is the relevance of the healthcare sector to British companies in China?

As part of our advocacy and lobbying efforts, particularly recently, one of the sectors we have analyzed is healthcare. This is a very complex sector and at the moment, there are not that many British healthcare companies operating in China specifically. The existing companies are also extremely diverse, ranging from the large multinational pharmaceutical companies to small- and medium-sized enterprises offering healthcare and medical technology and services, and even the major consultancies that do provide healthcare market intelligence.

For the pharmaceutical companies, I believe the issues are industry-wide and well-known, mainly relating to the harmonization of standards between Chinese and international markets, market access and regulatory approval timelines, and so on. The companies have lobbied and these concerns have also been raised at Ministerial level – which is the most effective way for policy change to occur in the Chinese market.

BritCham has also invested in our own primary and secondary data capture these market access issues, but we have paid attention not only to the issues but to potential opportunities as well, in areas relating to future technology like AI and Big Data. There is definitely a lot more room to grow in these areas. For instance, Chinese companies are really at the forefront of the use of Big Data and AI in healthcare globally, with giants like Tencent and Alibaba having invested here. However, there are still unresolved questions about the commercialization and profitability of such projects.

In my personal opinion, the challenges British healthcare companies face concern the business environment. Fundamentally, the UK healthcare system, which works on a GP referral basis – is very different to the Chinese healthcare model centered on hospitals. Therefore, in addition to market access and regulatory challenges, there is also this difference in the healthcare model. In addition, the role of traditional Chinese medicine in China is very significant and perhaps a little misunderstood by modern medicine.

How would you characterize the general business environment for British companies in China now?

We have just concluded a survey of our members on this topic, with also a view towards looking at potential Brexit effects. Apart from some potential concern from the retail and F&B industries specifically relating to any changes to industry standards, Brexit does not seem to have had a lot of negative effect on British companies in China. On the contrary, there seems to be a general impression that Brexit could be a big opportunity for China and the UK to work more closely together. British companies are now more actively looking to invest in China.

There are definitely issues related to working in China but also significant opportunities and companies, whether new or established in China, are focusing more on the opportunities. China is seen a great ally and a great partner to the UK and vice versa.

The current US-China trade war can be seen as an opportunity for British companies as well, particularly when it comes to the financial sector, as London and New York compete intensely as global financial hubs. In another respect, we are also looking to see how US-China tensions affect the global supply chain, but it is too early for a verdict.

Do you have a final message?

The British Chamber of Commerce is here to represent its members. My mission as managing director is to improve the businesses of every stakeholder around UK-China relations. In 2019 specifically, my objective is to truly represent British business by publishing a position paper of UK PLC in China!

China is really an incredible and complex country. I would advise everyone to keep an open mind when they visit, whether for business or pleasure. Chinese companies are now beginning to innovate as well and there are many things we can learn from each other.

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