



European Chamber  
中国欧盟商会

## European Chamber Survey on the China International Import Expo (CIIE)

### Executive Summary

The China International Import Expo (CIIE) has from the highest levels of Chinese Government been lauded as a method to encourage trade liberalisation and further open the Chinese market.

In advance of the second CIIE, which takes place from 5<sup>th</sup> to 10<sup>th</sup> November 2019, the Shanghai Chapter of the European Union Chamber of Commerce in China surveyed its members to assess the actual impact of the CIIE on participating foreign companies and subsequent market opening. A total of 82 responses were collected in October 2019.

According to the findings, 34 individuals from a range of industries, or 42% of the total respondents, participated in the 2018 CIIE; 79% of those participants anticipate joining again in 2019. These members were overall relatively satisfied with last year's event, but many of those who plan not to return expressed disappointment such as meeting bad contacts, feeling "cheated in different ways" and lamenting that the Expo was meant more for Chinese public relations than business development.

23% of respondents who did not join in 2018 plan to participate for the first time this year, citing opportunities for networking and promoting new business launches. Yet 54% of survey respondents will sit out the 2019 Expo. Many find the CIIE irrelevant to their business, or are put off by the exceedingly high cost of entry that makes participation by small companies unfeasible. Logistical difficulties and an inability to find relevant information further impede potential participants.

More than half of 2018 participants were satisfied with the CIIE's impact on their business, but a third still found this aspect lacking. Participants also expressed dissatisfaction with regards to registration, entering the venue and customs clearance for imported goods. For survey respondents seeking information in advance of the CIIE, more than one quarter faced difficulties in obtaining it. More than half of respondents also faced inconveniences such as traffic restrictions, working day rearrangements and forced company closure at short notice.

Of the members that attended in 2018, only half of them closed deals, many of which went unfulfilled; one member said their deal was just a "symbolic agreement". Half of the participants invested more than Chinese yuan (CNY) 200,000 to exhibit. While 70% of them expressed overall satisfaction with the event, this rate was 100% for those investing less.

Company expectations were met for 68% of participants, albeit some members clarified that their expectations were quite low to begin with. One answered, “I knew it was going to be an awful exhibition in terms of organisation and results. It fully satisfied my expectations.”

76% of participants and 62% of all respondents believe the CIIE is relevant to China’s reform and opening up agenda; but when asked if the CIIE lived up to this goal, nearly half of total respondents said it did not. The need for subsequent market opening is particularly emphasised by members, one of whom wrote that the “CIIE aims only at showcasing China's opening up and reform process, but in reality other measures are taken that hinder market access”.

In light of this sentiment, the European Chamber urges that grand gestures and market opening rhetoric, embodied in events such as the CIIE, be supplemented by actual regulatory reform. Otherwise they resort to, as one respondent commented, “money, time and goodwill wasted on a massive scale”.

In particular, the European Chamber hopes for delivery of the commitments made during 21<sup>st</sup> EU-China Summit of 9<sup>th</sup> April 2019, including the timely conclusion of the EU-China bilateral Protection of Geographical Indications agreement to ensure protection of famous EU and China food names in China, as well as the Comprehensive Agreement on Investment (CAI) between the two parties. The European Chamber encourages the signing of this latter agreement by the 2020 deadline agreed during the 21<sup>st</sup> EU-China Summit, but stresses a robust and all-encompassing document to solidify the foundation of bilateral investment, in which European companies enjoy the same unrestricted access to Chinese markets that their Chinese counterparts receive in the EU. Any agreement falling short of this would be detrimental to European business in China.

## **Introduction**

The second annual China International Import Expo (CIIE) will take place from 5<sup>th</sup> to 10<sup>th</sup> November 2019.

The CIIE, announced by President Xi Jinping at the 2017 Belt and Road Forum, has from its inception aimed to promote China to the world, and encourage the liberalisation of trade. Last year’s forum boasted 3,617 enterprises from 151 countries and regions, with over 5,000 first-release products not available in the Chinese market. More than 800,000 people attended.

President Xi Jinping had labelled the CIIE “not just another expo in an ordinary sense, but a major policy initiative and commitment taken of our own accord to open up the Chinese market”. He delivered the keynote speech at the 2018 opening ceremony, echoing previous statements about the importance of globalisation and the need for China to continue to open up to the global economy.

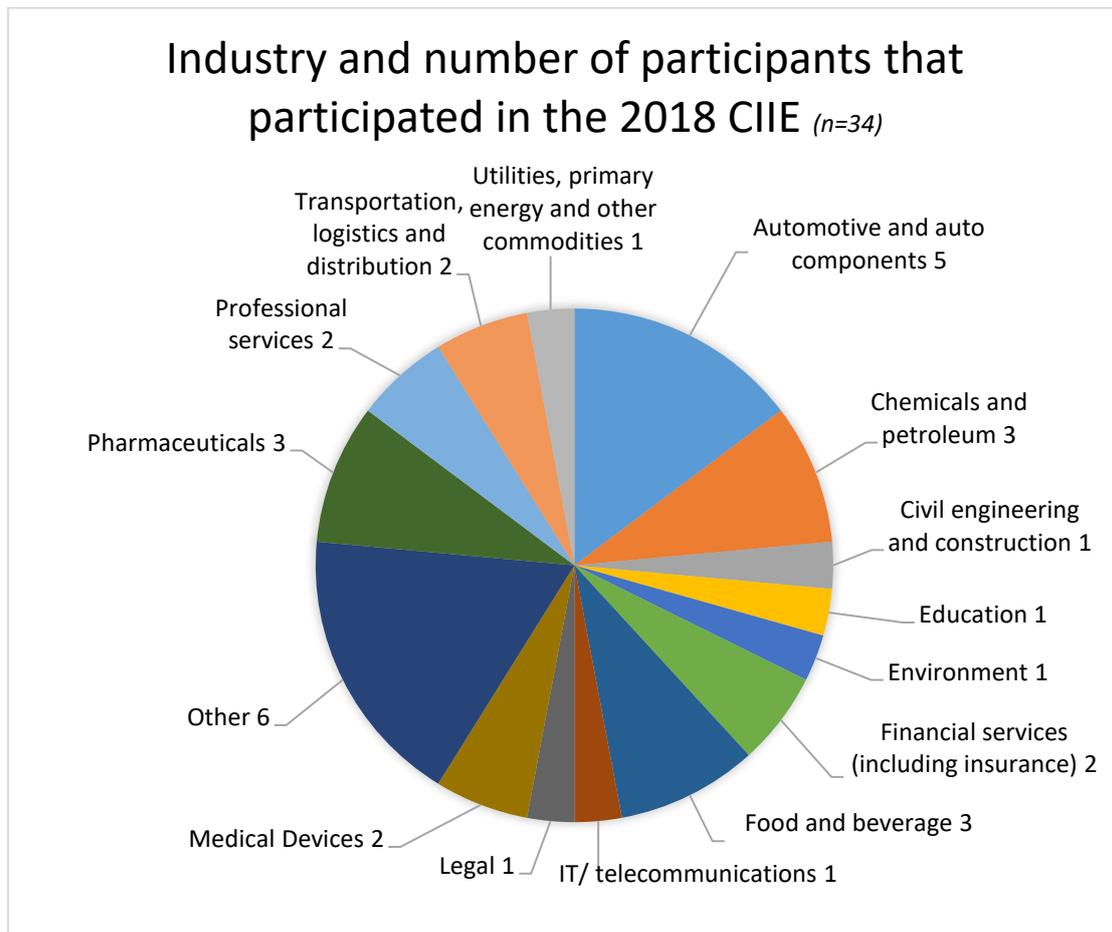
As Shanghai prepares for the second CIIE, amid city-wide clamour, the European Union Chamber of Commerce in China stresses the importance of the event having an actual impact on participating foreign companies and for it to lead to concrete market opening. Learning from our members’ experiences last year may better inform our expectations for the 2019 event.

From 11<sup>th</sup> to 21<sup>st</sup> October 2019, the European Chamber surveyed its member companies in Shanghai to better determine the outcome of the 2018 China International Import Expo. A total of 82 responses were collected by 21<sup>st</sup> October 2019.

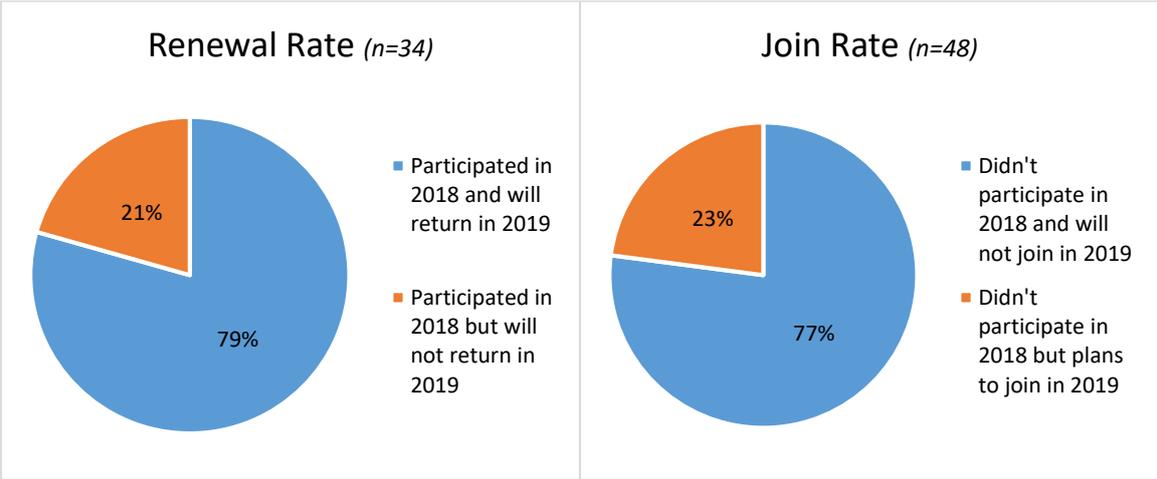
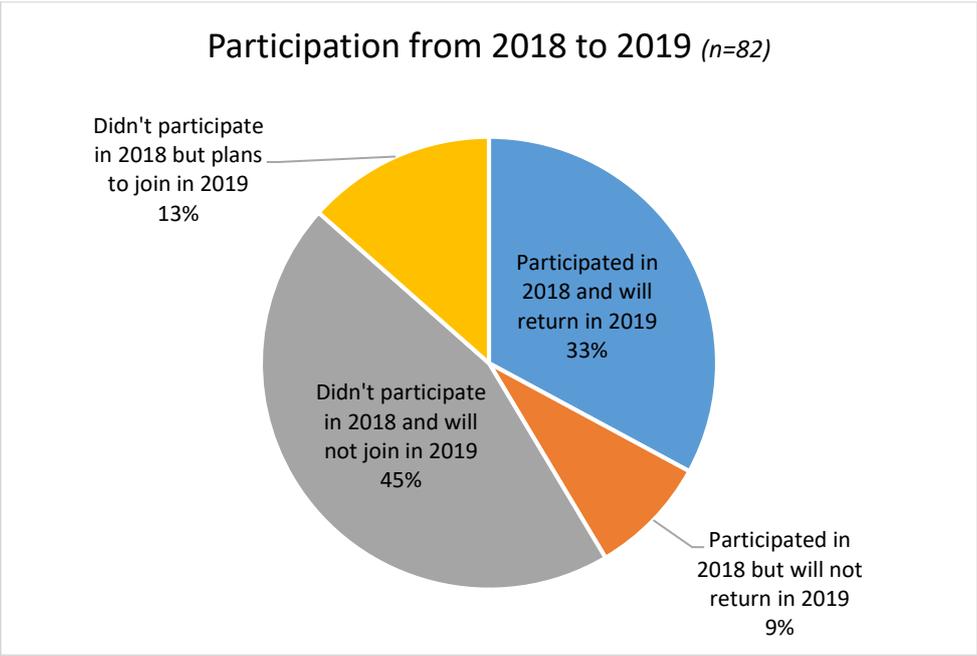
The following data represents a small but diverse segment of members across various sectors that may reflect the broader European business community in China.

### Findings

Last year, 34 of the 2019 survey respondents, or 42% of the total, participated in the CIIE. Participants came from a range of industries, with automotive/auto components being the most prevalent.



27 of last year's participants anticipate joining again in 2019, a renewal rate of 79%. Among these participants, two cited the importance of their country's relationship with China as the reason for continuing to take part, and several others highlighted the importance of marketing and business opportunities.

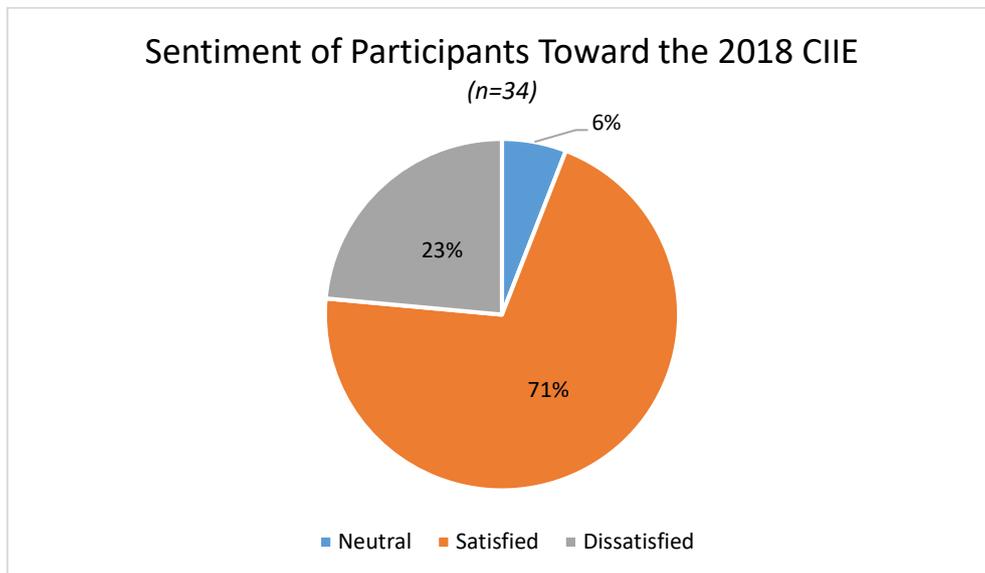


Members that participated in the CIIE tended to be satisfied overall, which is encouraging for an exposition aimed at boosting long-term foreign investment. However, for the members that participated but will not return this year, more than half indicated they were very dissatisfied. One respondent who does not plan to return said they found the contacts they met were poor, and felt “cheated in different ways”. Another believed it was more an event for Chinese public relations than business development.

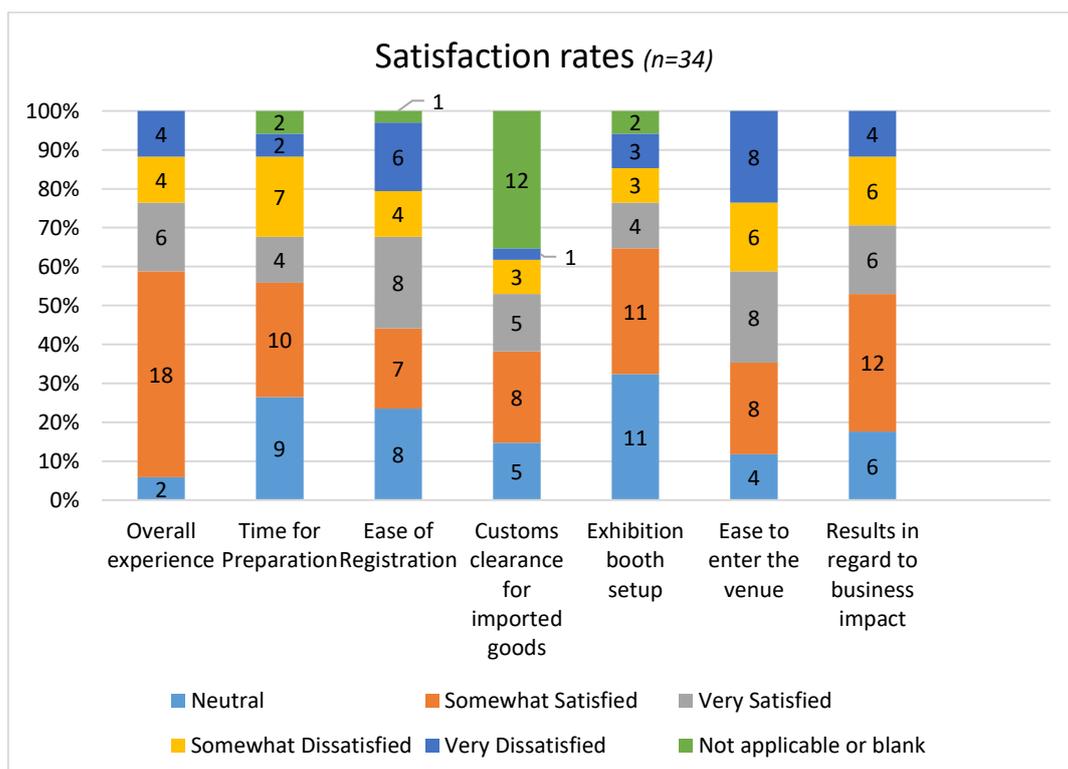
On a positive note, of those who did not join the CIIE in 2019, 23% or 11 respondents plan to participate for the first time this year. Reasons include opportunities for networking and promoting new business launches. Yet a large portion of companies will still not participate. The majority of these respondents find the CIIE irrelevant to their business. Some of them focus on the local Chinese market but not imports or exports, so the Expo is not of much interest to them.

For those that may want to participate, one significant barrier remains the high cost of entry. Many answered that the participation fee is very high, especially for smaller companies, and such cost is

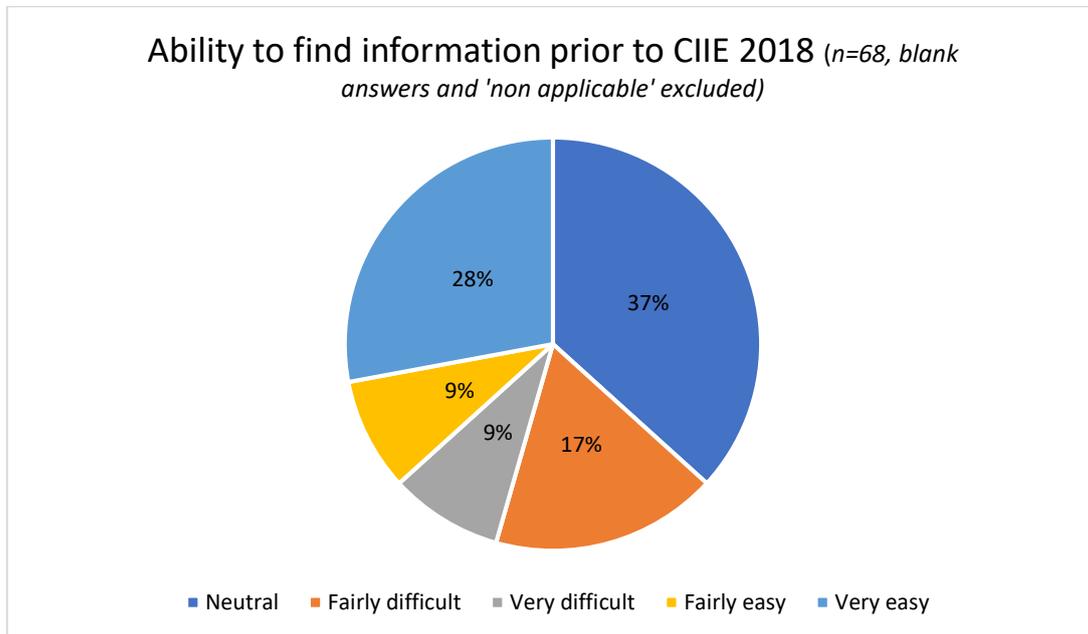
not covered in the company's budget. Logistical difficulties are another major reason preventing companies from participating. Several stated that they either missed the deadline to register or could not find an appropriate channel for participating.



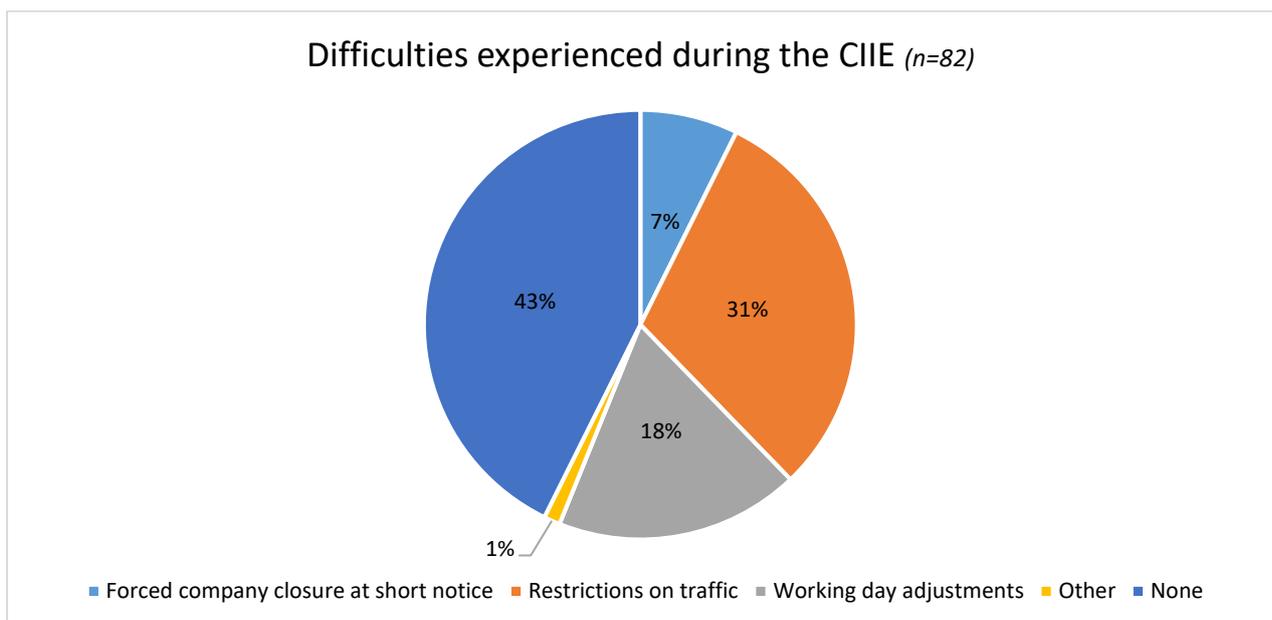
The survey gauged satisfaction for a number of particular factors. The highest rates of satisfaction were in overall experience, and results with respect to business impact (53%). The highest rates of dissatisfaction were in ease of registration and ease to enter the venue. There was also a relatively high rate of dissatisfaction, around 30%, in terms of business impact, indicating that in this regard companies faced very different outcomes. In terms of customs clearance for imported goods, although most participants were satisfied, 18% of those dealing with this issue indicated that there were difficulties.



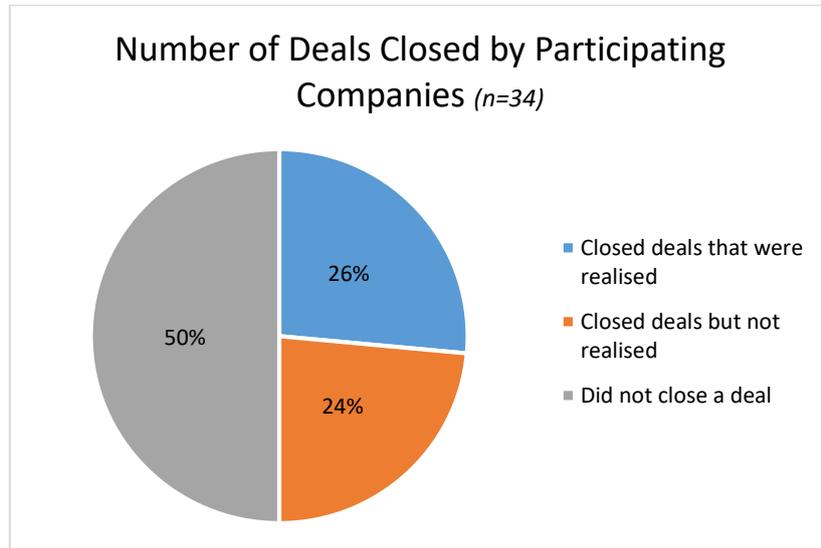
Despite relatively high levels of satisfaction, the amount of dissatisfaction is not negligible. In addition to the above issues, for those seeking information related to the Expo last year (not factoring in 'not-applicable' responses), more than one quarter faced difficulties obtaining it.



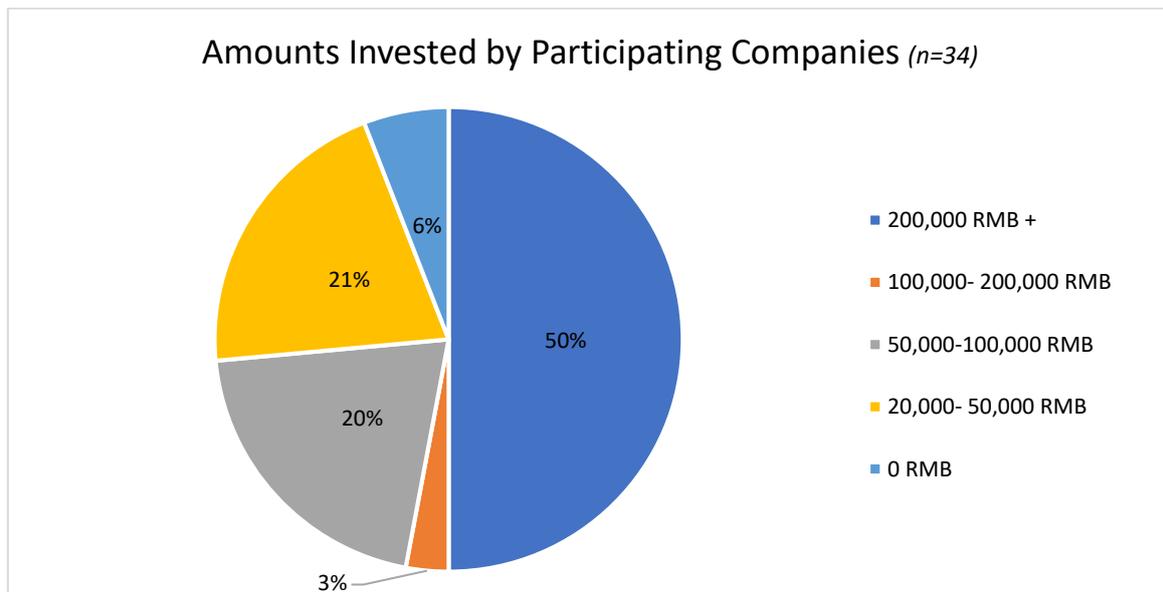
The CIIE proved a logistical headache not only for the participants but for many in Shanghai. 57% of survey respondents faced difficulties including traffic restrictions, working day rearrangements and forced company closure at short notice. One respondent was informed that their company would have to reduce production capacity on short notice. They later received an exemption and were allowed to continue production, but had already made adjustments to their supply chain, not to mention the administrative burden of dealing with this complaint.



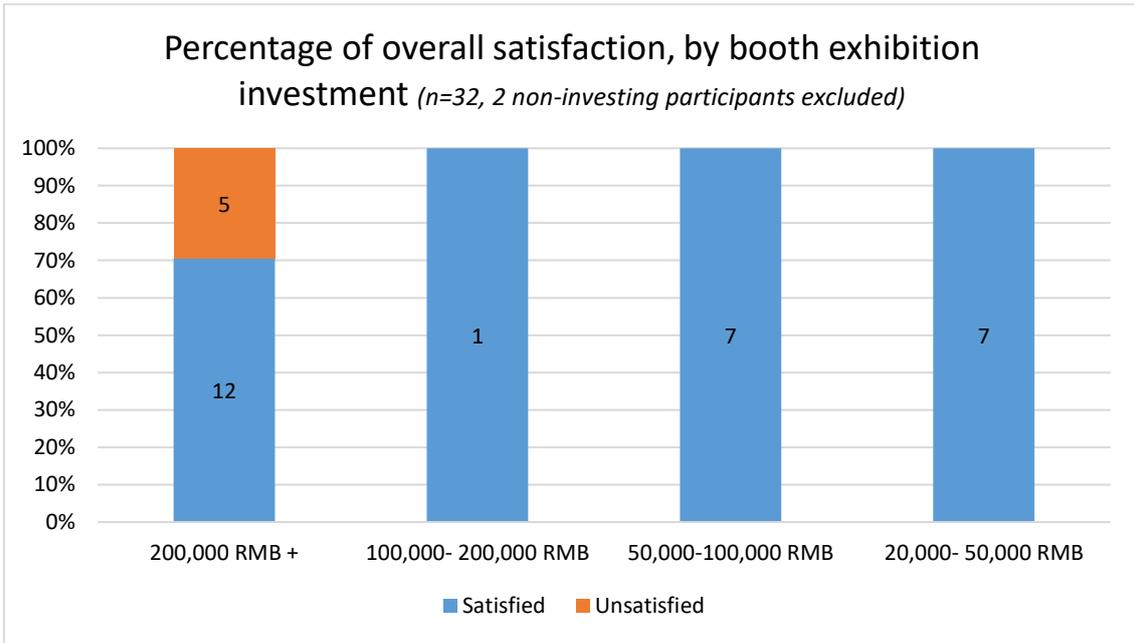
Of the 34 participants, half of them closed deals, 53% of which were later realised. Although this rate is reassuring, the nature of the unrealised deals should not be completely ignored. Three of the unrealised deals were attributed to the partner’s failure to fulfil its obligations. Another respondent said their deal was just a “symbolic agreement”. This lack of follow-through suggests pressure to create a positive public image of this event by promoting hasty signatures, rather than creating a sound environment for European companies to expand in China in the long-term.



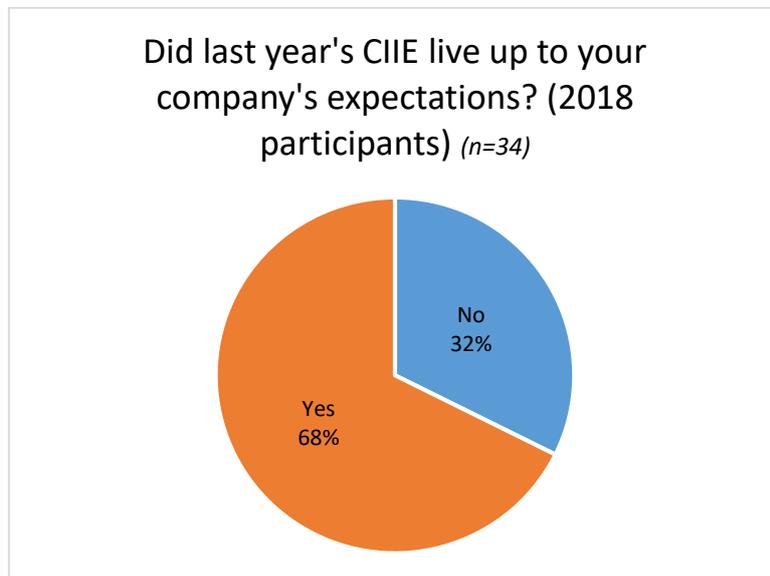
Of the 34 that attended in order to exhibit, seven participants invested between CNY 20,000 and 500,000; seven invested between CNY 50,000 and 100,000, one invested between CNY 100,000 and 200,000 and 17 invested more than CNY 200,000. Two did not invest at all.

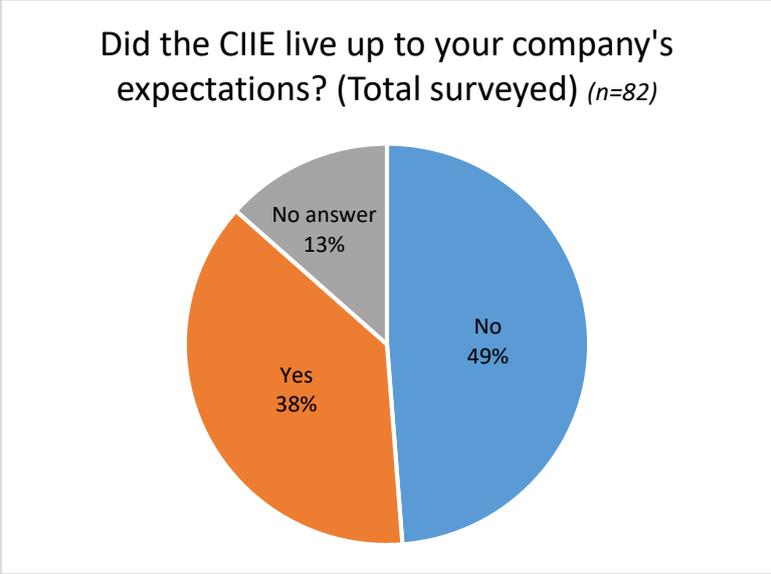


Overall satisfaction rates in terms of investment were at 100% except for those that invested more than CNY 200,000, perhaps indicating that they had higher standards, expecting higher returns to match their investment that were not realised; for them, the satisfaction rate only reached 70%.

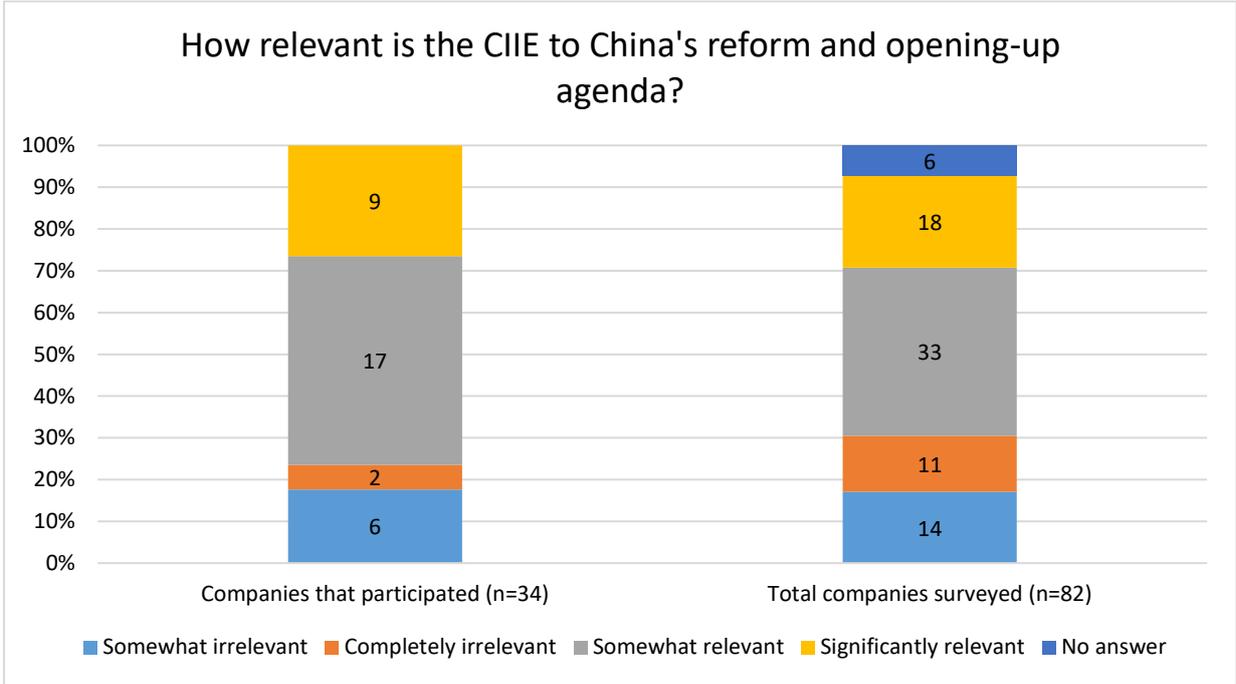


Of the 34 participants, the 2018 CIIE met company expectations for 23 of them, albeit two of those had negative expectations to begin with. One respondent believed it met their low expectations and one answered that “I knew it was going to be an awful exhibition in terms of organisation and results. It fully satisfied my expectations.”



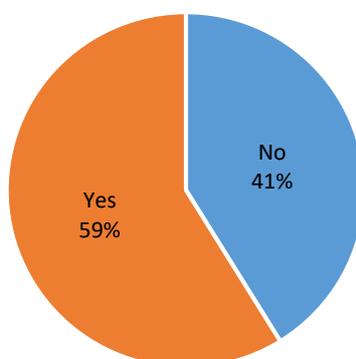


Of those who attended last year, the vast majority (76%) find the CIIE relevant to China’s reform and opening up agenda. Among all participants, 51 find it relevant.

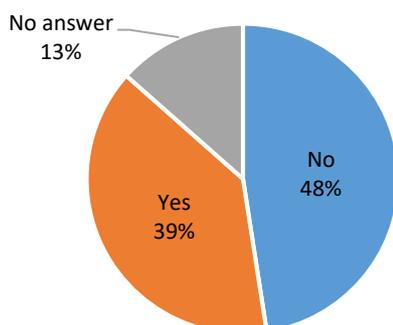


Yet when asked if the CIIE lived up to the expectation of being critical to China’s reform and opening up agenda, 48% of total respondents said it did not. As compared to a negative answer from just 41% of 2018 CIIE participants, we attribute this to a lack of subsequent market opening, which was expected to benefit more than just those who exhibited.

Did the CIIE live up to its expectations of being a critical part of China's reform and opening up agenda? (2018 participants) (*n=34*)



Did the CIIE live up to its expectations of being a critical part of China's reform and opening up agenda?  
(Total surveyed) (*n=82*)



Several respondents pointed to the need for real regulatory change, which the event did not influence; talk proved to be stronger than action. One person wrote, “[the] CIIE aims only at showcasing China's opening up and reform process but in reality other measures are taken that hinder market access”.

In light of this sentiment, the European Chamber urges that grand gestures and rhetoric of market opening, embodied in events such as the CIIE, be supplemented by actual regulatory reform. Otherwise the event merely amounts to, as one member commented, “money, time and goodwill wasted in a massive scale”.

In particular, the European Chamber hopes for delivery of the commitments made during 21<sup>st</sup> EU-China Summit of 9<sup>th</sup> April 2019, including the timely conclusion of the EU-China bilateral Protection of Geographical Indications (GI) agreement to ensure protection of famous EU and China food names in China. The GI Protection agreement is expected to facilitate more GI exports and further

enhance overall bilateral trade in foodstuffs, increasing consumers' awareness and demand for high-quality products on both sides.

Based on the principles of reciprocity and mutual benefit, the GI Protection Agreement between the EU and China would set a positive tone for cooperation in other trade areas, as well as for the ongoing negotiation of the Comprehensive Agreement on Investment (CAI) between the two parties. On this latter point, the European Chamber encourages the signing of this agreement by the 2020 deadline agreed during the 21<sup>st</sup> EU-China Summit, but stresses that it is paramount to agree a robust and all-encompassing document to solidify the foundation of bilateral investment, in which European companies enjoy the same unrestricted access to Chinese markets that their Chinese counterparts receive in the EU. Any agreement falling short of this would be detrimental to European business in China.