

UK EXPORTERS RISK MISSING OUT ON CHINA'S US\$8 TRILLION IMPORT OPPORTUNITY

*** 27% of UK businesses exporting to China view it as a top future market, versus 46% globally ***

*** Nearly half of UK exporters expect growth to be driven by demand for specialist expertise in areas such as AI, big data and design ***

British companies risk falling behind to global competitors in seizing China's US\$8 trillion import opportunity, despite expectations of strong demand from Chinese businesses and consumers for UK high-tech goods and specialist services, new HSBC research has revealed.

HSBC's *Navigator: Made for China* report, a survey of 1,205 companies across 11 key global economies, found only 27% of UK businesses currently selling to China view it as a top three future market, versus 46% globally. Additionally, only a minority (10%) of those that are considering selling to China see it as among their top three export markets in the next three to five years, compared to 15% globally.

According to government estimates, China will import US\$8 trillion worth of goods in the five years between 2018 and 2022¹, but UK companies aren't prioritising the world's second largest economy despite clear demand for high-end UK goods and services.

The report found nearly half of UK exporters to China (47%) expect future growth to be driven by Chinese demand for specialist expertise, as well as UK companies' ability to provide distinctive or superior products (37%).

UK respondents identified technological services (36%) such as IT biomedical technology, Artificial Intelligence and Big Data, high-end intelligent equipment (27%) and design (26%) as China's greatest export opportunities.

Ian Tandy, Head of Global Trade and Receivables Finance HSBC UK, said: "China values UK high-tech goods and specialist expertise in fast-growth areas such as AI, but British businesses could lose out to global competitors on the US\$8 trillion China opportunity.

"The UK boasts some world-leading businesses and we are increasingly exporting our knowledge-based economy to the world. China has moved up the value chain and its businesses are using AI and Big Data more and more as part of their growth plans. UK firms are in a fantastic position to take advantage of that and we shouldn't get left behind global counterparts."

The main challenges identified by UK exporters in selling to China versus other destinations included allowing more time to comply with local regulations (34%), building brand awareness (31%) and understanding Chinese business culture (28%), although this was cited as less of an issue for British businesses compared to global counterparts (39%).

To overcome challenges, UK companies are setting up partnerships with local companies in China (32%), investing in market intelligence (29%) and expanding their product and service offering (28%).

The strategies most commonly used by British firms to access the Chinese market are developing local distributor networks (47%), selling directly via e-commerce and m-commerce (43%) and entering joint ventures (39%).

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Note to editors:

1. China Foreign Minister [address](#) – March 2018

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