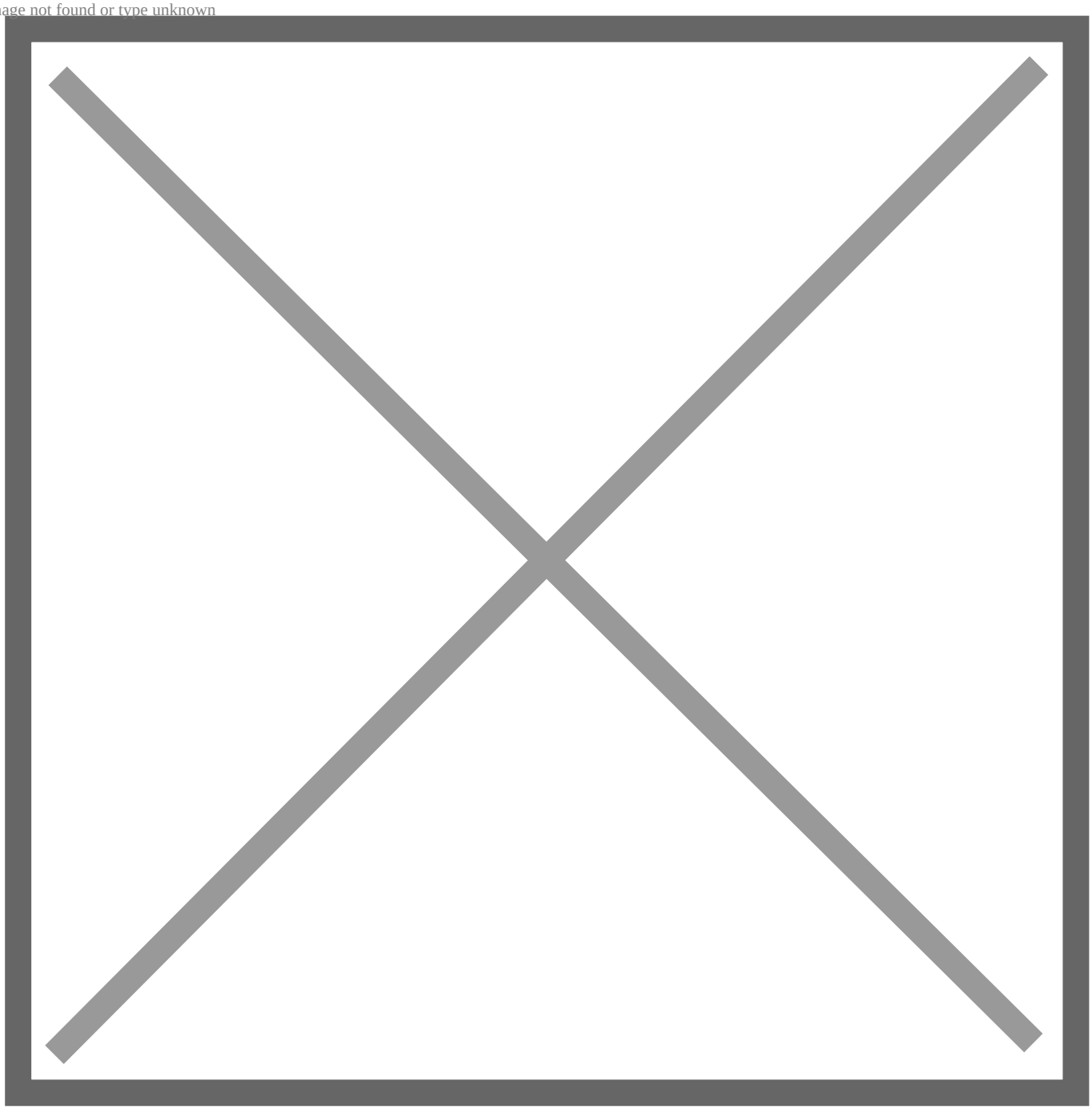
# Survey Key Findings: Information Gathering Survey for the 2025/2026 Inter-Chamber SME WG Position Paper

**TAGS** Advocacy | SME Position Paper

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Between 21 March and 9 May 2025, the EU SME Centre, together with the European Union Chamber of Commerce in China, conducted a survey among European companies in the context of the preparatory work for the 2025/2026 Inter-Chamber SME Working Group Position Paper. The goal of this survey was to better understand what the key issues European companies operating in China (and in particular small and medium-sized enterprises (SMEs)) experience so that the Position Paper and other relevant publications would more accurately reflect their concerns and recommendations.

A total of 95 responses were received, among which 53 per cent are from SMEs (and of these, 20 per cent are micro, small and medium-sized enterprises).[1]

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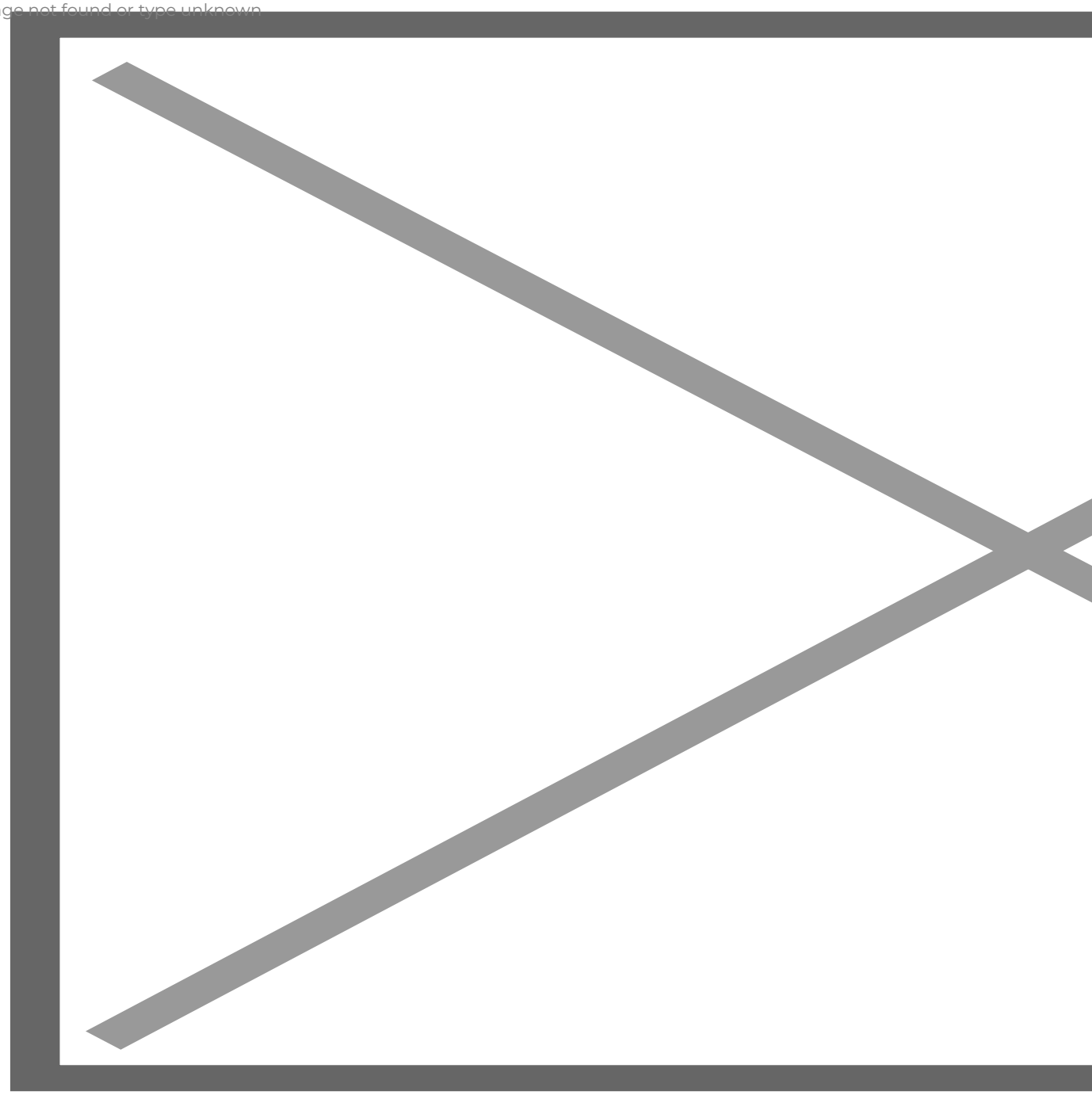


*Figure 1 Information Gathering Survey 2025/2026*

In terms of industries and sectors, the five most represented are machinery, professional services, automotive and auto components, chemicals and petroleum and medical devices.

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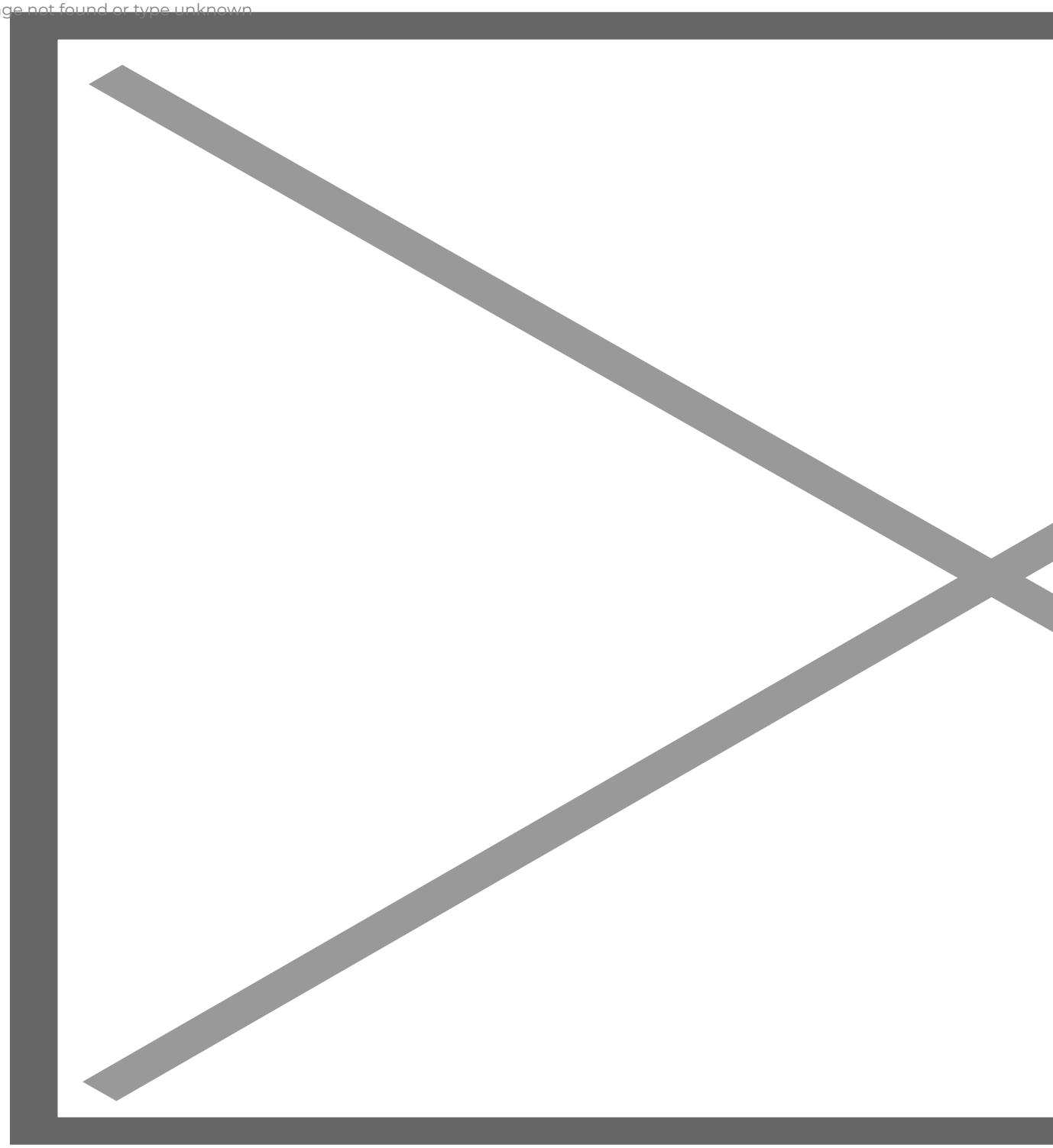


*Figure 2 Information Gathering Survey 2025/2026*

81 per cent of respondents indicate they have been operating in China for more than 10 years, while 8 per cent have been in the country between one and five years, another 8 per cent between five and 10 years, and 2 per cent less than one year.

In terms of location in China, 25 per cent of respondents are based in Shanghai, 17 per cent in Beijing, 15 per cent in Nanjing and another 15 per cent in Guangzhou. The rest are distributed

among Tianjin, Shenzhen, Shenyang, Chengdu and Chongqing, as well as other cities like Xuzhou, Dalian, Suzhou, Foshan, etc.

When looking at revenue sources, there is divergence between big and small players. 44 per cent of SME respondents indicate that more than 50 per cent of their revenue comes from European companies (B2B), while for 51 per cent of large respondents, the main source of revenue comes from Chinese companies (B2B). This can be attributed to European SMEs following their larger customers to China.

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*Figure 3 Information Gathering Survey 2025/2026 (SME respondents only)*

Competition with Chinese private companies is the top challenge for both small and large respondents – this indicates the growing competitive pressure experienced by companies (both

domestic and foreign) in the context of the slowing down of economic growth in China. However, there are again divergences between large and small companies when looking at the second and third top challenges. For SMEs, the second biggest challenge is late payments and other cashflow issues (37 per cent), followed by rising operational costs (34 per cent). Meanwhile, larger companies report that talent attraction and retention (39 per cent) and regulatory transparency together with rising operational costs (37 per cent each) are their second and third biggest challenges.

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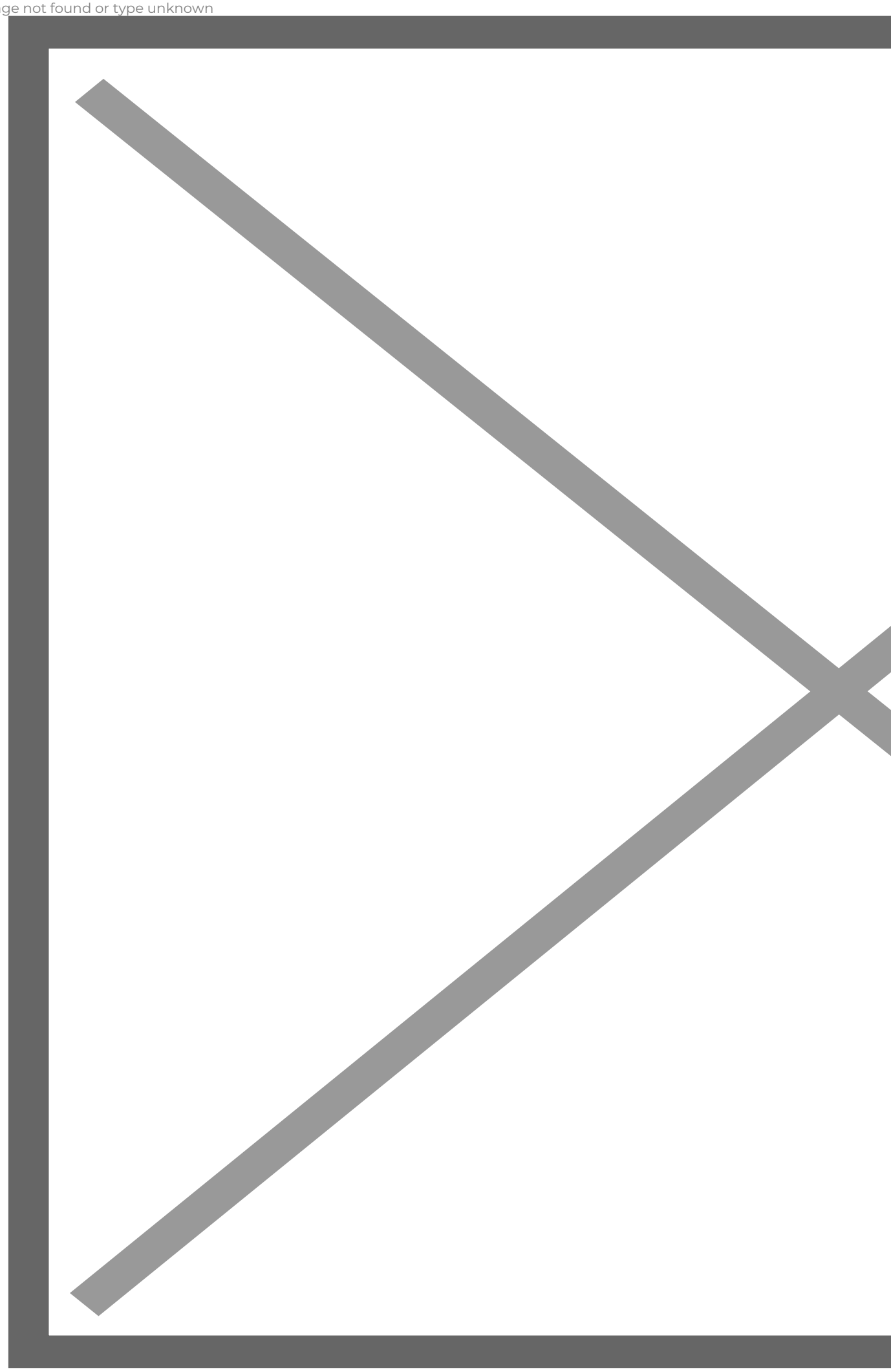


*Figure 4 Information Gathering Survey 2025/2026 (SME respondents only)*

## Access to financing

Difficulties obtaining loans from Chinese banks are the biggest challenge associated with access to financing for 38 per cent of SME respondents, followed by limited access to government incentives and funding (36 per cent) and challenges with cross-border financing (26 per cent). Only 6 per cent of SME respondents indicate that they have no issues with access to financing as opposed to 13 per cent of larger respondents.[2]

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*Figure 5 Information Gathering Survey 2025/2026 (SME respondents only)*

# Administrative issues

Lack of transparency in regulatory requirements is the top challenge for both SME and large respondents. In the case of SMEs, this is followed by difficulties in obtaining licenses and permits (26 per cent), complex and lengthy business registration processes (22 per cent) and inconsistent enforcement of regulations (also 22 per cent). For larger companies, inconsistent enforcement of regulations (33 per cent), multiple and overlapping approvals (22 per cent) and inconsistent interpretation of laws (also 22 per cent) are cited as key challenges, reflecting the more complex and widespread nature of their operations.

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*Figure 6 Information Gathering Survey 2025/2026 (SME respondents only)*

## Unreasonable payment terms and late payments

Looking at late payments and unreasonable payment terms, large and small respondents both report having experienced these issues, mostly from private companies (45 per cent), with 19 per cent indicating they have faced challenges with late payments or unreasonable payment terms from state-owned enterprises (SOEs) and 14 per cent from local governments. 39 per cent have not faced these challenges.

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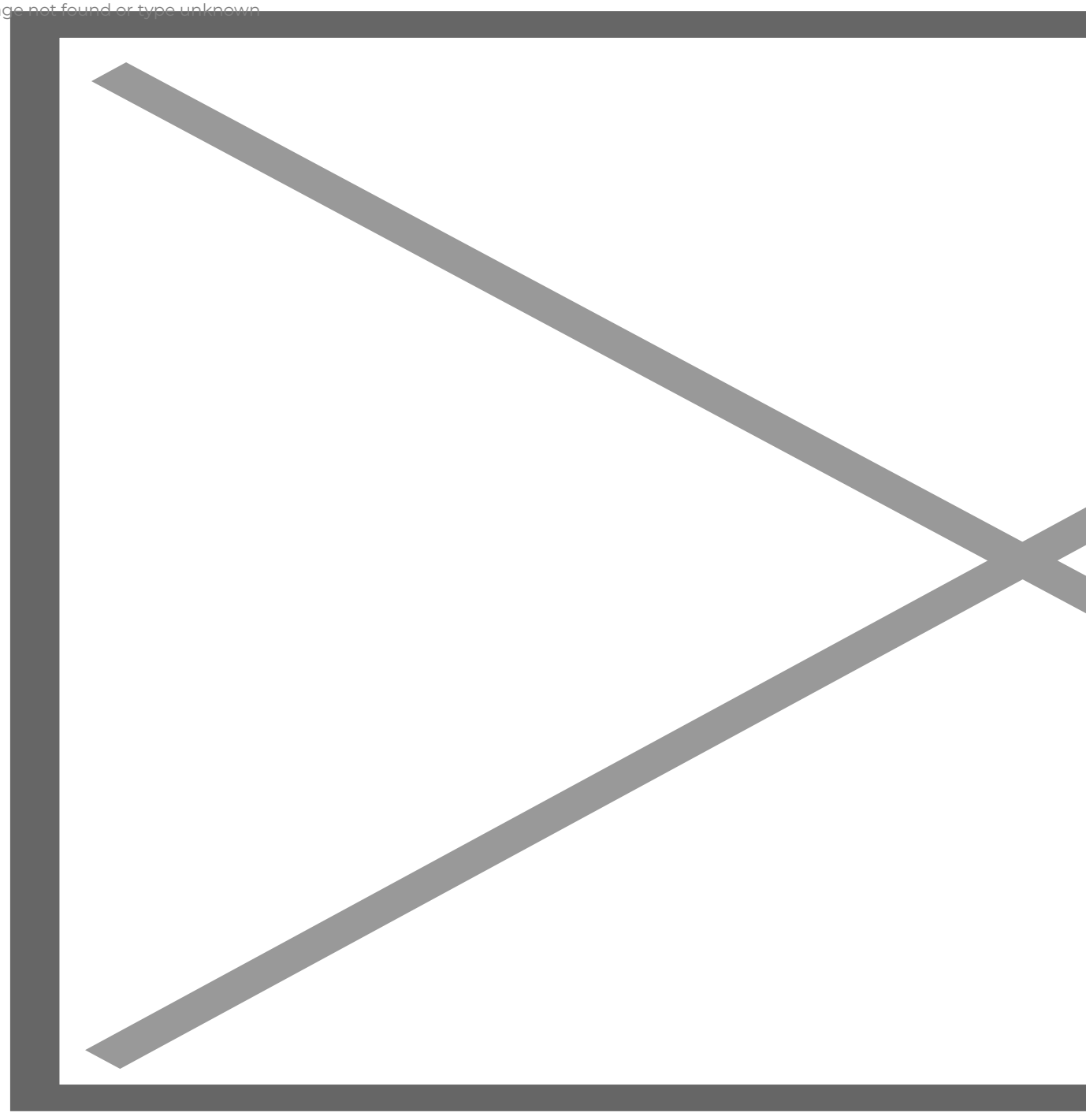


*Figure 7 Information Gathering Survey 2025/2026*

# Intellectual property rights (IPR) protection

54 of respondents (large and small) indicate that the state of IPR protection and enforcement in China is average, with 30 per cent reporting it is extremely poor or poor and 16 per cent that it is good or excellent. This showcases that while there has been substantial progress in the development of a regulatory framework for IPR protection, there is still room for improvement.

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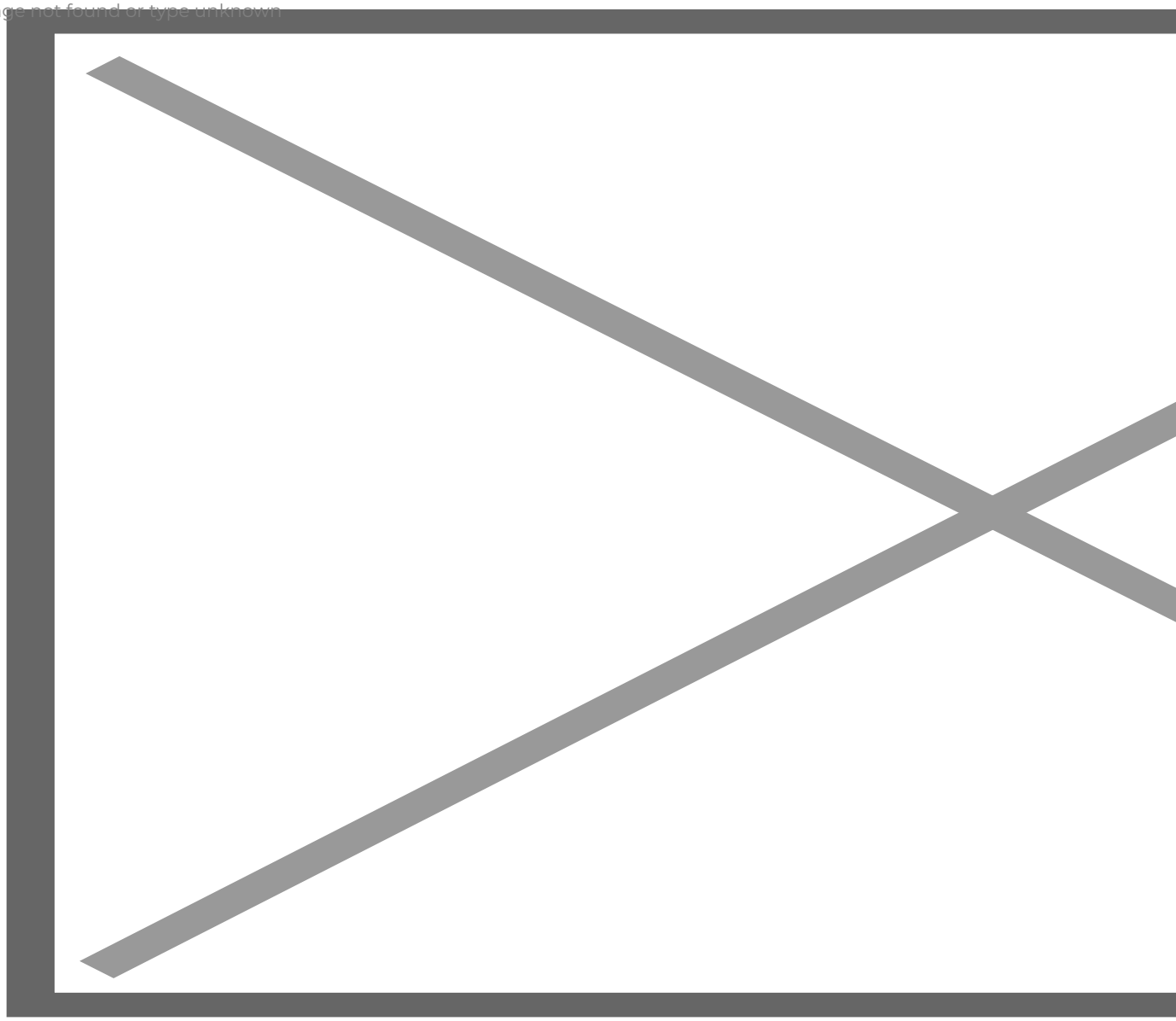


*Figure 8 Information Gathering Survey 2025/2026*

For small respondents, the biggest challenge is the high costs of IPR protection (32 per cent), as well as piracy and counterfeiting (22 per cent) and ineffective enforcement of IPR laws (16 per cent). In contrast, only 16 per cent of the larger respondents indicate that the high costs of IPR protection are a challenge. This reflects the resource constraints of smaller companies when it comes to tackling

cases of IP infringement.

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*Figure 9 Information Gathering Survey 2025/2026 (SME respondents only)*

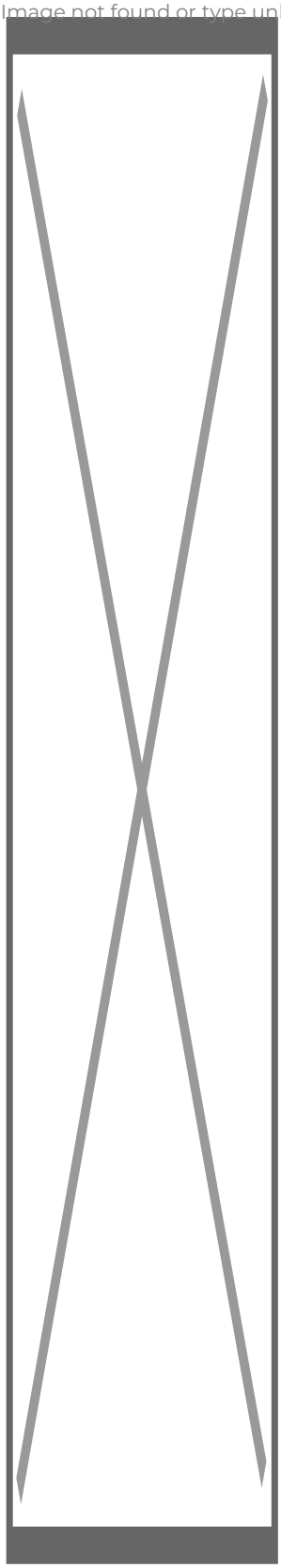
The Inter-Chamber SME Working Group Position Paper will be published in September 2025.

# More on SMEs in China

Our Advocacy Platform collects information and facts about the challenges and problems faced by EU SMEs in China through the Inter-Chamber SME Working Group. It also tracks SME policy developments. The results of this research are then consolidated into two major publications: the annual Inter-Chamber SME Working Group Position Paper and the SME Policy Environment Report.

## SME Position Paper 2024/2025

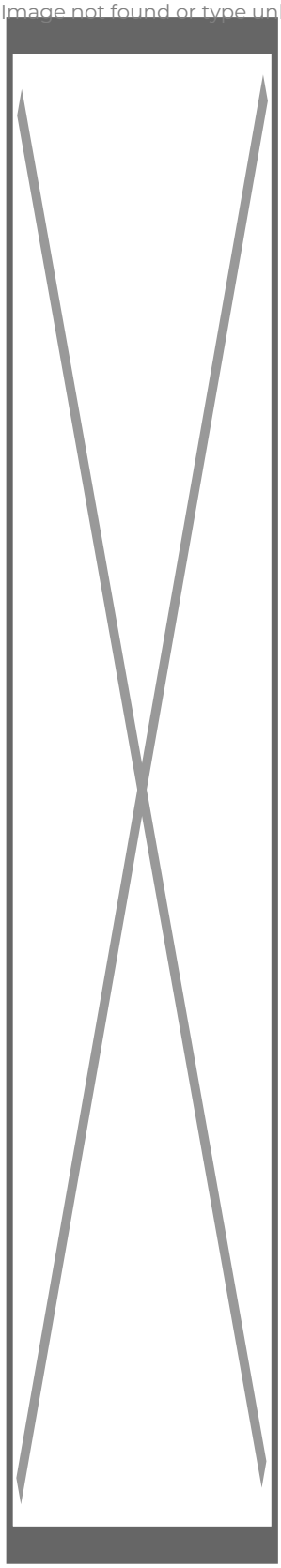
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The *2024/2025 Inter-Chamber SME Working Group Position Paper* outlined policy and regulatory developments affecting European SMEs in China throughout the past year. Its key recommendations aimed to address issues encountered by small and medium-sized enterprises, including in access to financing, timely payments, and IPR protection. ***Read the 2024/2025 SME Position Paper here >***

## SME Policy Environment Report: 2024 Update

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The SME Policy Environment report sets out to provide an overview of the most significant developments affecting SMEs operating in the country throughout the past year. The structure of the report consists of an introduction to SMEs in China, an analysis of the current policy environment of SMEs in various areas and a conclusion. The SME Policy Environment Report is updated on an annual basis. ***Read the 2024 SME Policy Environment Report here >***

[1] For the purpose of this survey, the criteria used to define SMEs is headcount (1–250 employees worldwide). Respondents with a headcount above 251 employees fall under the category of large companies.

[2] This is indicated by respondents in the ‘Other’ option.