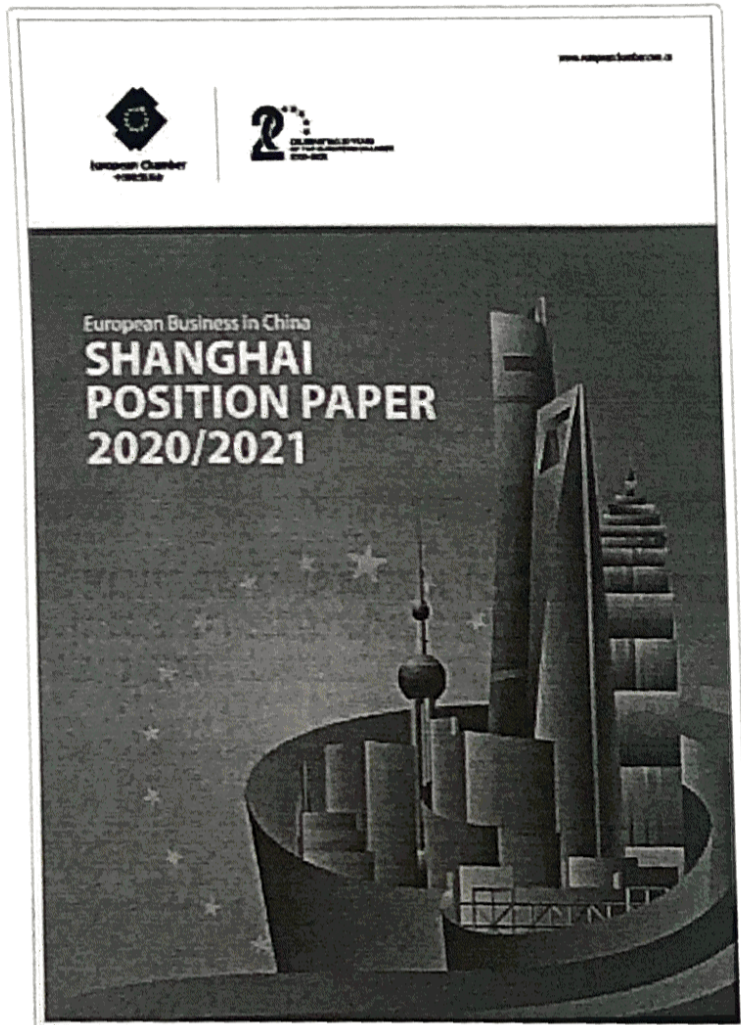


## EUROPEAN CHAMBER REPORT CALLS FOR RENEWED EFFORTS TO IMPROVE SHANGHAI'S BUSINESS ENVIRONMENT IN THE WAKE OF THE COVID-19 PANDEMIC

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The European Union Chamber of Commerce in China (European Chamber) today released its fourth *Shanghai Position Paper 2020/2021* (*Shanghai Position Paper*), which evaluates the local business and regulatory environments for foreign investment in the wake of the COVID-19 crisis and makes recommendations to facilitate a swift economic recovery.

European companies have a long history of making significant contributions to Shanghai's development, and they continue to play a key role in the city's internationalisation. Like domestic companies, they suffered downturns in revenue as well as enduring economic uncertainty as COVID-19 spread beyond China's borders. However, the ensuing imposition of travel restrictions—only recently relaxed—that prevent foreign residents from returning to China have had, and continue to have, an acute negative impact on European companies, which has damaged business confidence. While no company has been unaffected, the ramifications for the many small and medium-sized enterprises (SMEs) that call Shanghai home have been disproportionately bleak.

In addition to the pandemic, longstanding issues and a variety of emerging challenges are dragging down business sentiment and have kept Shanghai from fulfilling its plans of becoming an international financial, trade, economic, logistics and innovation centre. Chief among them are issues of talent attraction, tax burdens, market entry barriers and legislative unpredictability. While the newly released local implementation regulations for the Foreign Investment Law represented an opportunity to compensate for some of these challenges, they failed to do so by providing few concrete measures for levelling the playing field for foreign enterprises.

With 38 detailed recommendations on how the local government can address the challenges of the local business environment and unlock further development potential, the *Shanghai Position Paper* has been published in advance of the third China International Import Expo (CIIE). Touted as a symbol of China's market liberalisation and the sustained confidence of international investment, in the eyes of the European business community this event has so far amounted to little more than an ambitious trade fair. Last-minute entry and excessive quarantine policies for the CIIE have prevented most foreign companies from being able to send overseas executives to this year's event, and even for local participants the detailed requirements for participation remain unclear.

While European companies are willing to bring more investment to Shanghai and help expand the city's economy, they must first see concrete changes, not more high-level yet ambiguous plans. "Promises and big displays like the CIIE are no longer enough, particularly as competing international hubs like Shenzhen push forward with their own,

pioneering reforms," said Carlo D'Andrea, vice president of the European Union Chamber of Commerce in China and chairman of its Shanghai Chapter. "Our members remain committed to this market, but without real change, Shanghai risks falling behind."

[Download the full paper](#) in both English and Chinese.

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