

## Call for Input: UK-China Trade

*SMI Response to the Department for Business and Trade*

### Introduction

The Society of Maritime Industries (SMI) represents over 200 businesses and organisations across the UK's maritime engineering, science and technology community. Our membership includes shipbuilders, shiprepairers, systems and components manufacturers, technology developers, universities and business services providers.

For this call for input, SMI's Directors consulted across all specialist groups, including the Commercial Marine Group, the Digital Technology Group, the Ports and Terminals Group, the Maritime Autonomous Systems Group and the Marine Science and Technology Group. This broad consultation brought together views from companies operating in design, manufacturing, technology development, equipment supply, services and complex international value chains.

The feedback presents a nuanced picture. Many companies experience challenges in China, including complex approval processes, high information disclosure requirements, limited visibility on long-term procurement plans and difficulty competing with strong domestic supplier preference. Some firms also note constraints on scaling beyond existing customer relationships due to entrenched local supply chains and a strategic national focus on self-reliance in key industrial sectors such as renewables. Others report smoother engagement, especially when working through established local agents, and emphasise that owner preference, language and price are often the main determinants in procurement decisions rather than nationality alone.

Taken together, the evidence illustrates that the ease of doing business in China varies considerably by sector, route to market and the local presence established. The response therefore reflects both the systemic obstacles that create friction for many firms and the practical observations of companies whose engagement has been more straightforward.

### Questions

#### Overall Restrictions

##### What restrictions do you face when doing business in China?

Experiences vary significantly across UK maritime companies. Some encounter **notable barriers** including unclear regulatory approval pathways, extensive information requests, concerns about the handling of commercially sensitive material, entrenched domestic supply chains and challenges scaling beyond an initial customer base. Others report that formal restrictions are limited, particularly when working through trusted local partners.

Other companies, particularly those selling through established local agents, report **no formal restrictions** and note that they have been treated fairly by shipyards and OEMs. In these cases, nationality of the vessel owner is often a key factor in equipment choice, with Chinese owners preferring domestic systems and foreign owners selecting globally recognised international brands.

Taken together, these experiences indicate that while no explicit legal restrictions consistently apply to UK firms, the practical and regulatory environment can nonetheless present real challenges depending on the business model and route to market. These include:

- **Regulatory approval hurdles** – Securing agreement from certifying authorities is often difficult, with processes that are unclear and appear to require a local presence or partner.
- **Concerns about information security** – There is unease about how commercially sensitive information submitted to authorities is handled, with a perception that it can be accessed by domestic competitors.
- **Opaque business environment** – Extensive relationship-building is usually required, often involving repeated in-country visits with no certainty that opportunities will progress.
- **High information demands** – Companies are regularly asked to provide extensive technical and operational detail at early stages, which can risk the transfer of valuable know-how without any guarantee of work.
- **Entrenched supply chains** – Major buyers tend to rely on long-standing domestic suppliers, creating high barriers for new entrants.
- **Local incentives for domestic firms** – Chinese companies benefit from favourable local support such as low rents and subsidised skills which foreign firms cannot access easily.
- **Copying and IP risks** – There is a perceived risk of rapid replication of products and services, with limited confidence in recourse even where IP is formally protected.

### **Which of the restrictions mentioned above is your top priority?**

Across companies, the most significant concern remains the combination of **IP risk, commercial leakage** and **systemic domestic supplier preference**, which together limit opportunities to scale and add uncertainty for long-term engagement.

### **How have you been treated differently to a Chinese supplier?**

Foreign companies often face more extensive documentation requirements, longer approval pathways and no access to local support mechanisms routinely available to domestic firms.

### **Are you required to have a physical or legal presence in China to conduct business?**

There is no universal requirement for a legal presence. Some companies rely effectively on local agents, who have established relationships and better knowledge of the customer landscape. Others find that certain certification or approval processes become much smoother when a local representative is involved.

## **Administration Barriers**

### **Have you faced any paperwork or approval challenges when offering services in China?**

Feedback again varies. While several companies report complex certification processes and heavy information demands, others report no administrative barriers and describe Chinese classification societies as helpful, albeit with certification costs that can add up because they are applied on a per-project basis.

### **In your experience, what would be the areas for improvement in relation to the administrative process?**

Key improvements would include greater transparency in steps and timelines, clearer guidance on document handling and confidentiality, more consistent opportunities for online processing and clarity on when local registration or representation is needed.

### **Were you able to complete the necessary approvals online, or did you need to be in China or use someone based there?**

Many report the need for in-person interactions to build trust and progress complex approvals. Others report that approvals for their product lines can be completed entirely by email, with no need for in-country presence.

### **Have you had any issues with differences between provinces and regions?**

There are indications that requirements and expectations can vary between provinces, adding further inconsistency and uncertainty.

### **Have you had trouble getting a licence because the number available was limited by the Chinese government?**

There is no clear evidence of quota-based limits, but opaque procedures make it difficult to determine whether licenses are being restricted in practice.

## **Business Mobility**

### **Would it help your business to bring UK or international staff to China for short-term work? (If yes, how would this support your operations?)**

Companies confirm that visiting China for technical meetings and relationship-building can be valuable. However, several note that **customers increasingly prefer locally based support**, reducing the frequency with which UK personnel need to travel.

### **Have you faced any challenges with China's visa or immigration system that make this difficult?**

Experiences here are generally positive. Some companies report time-consuming travel and logistics purely due to distance, but no specific visa or immigration difficulties. They describe Chinese processes as accommodating and straightforward.

### **Do you notice any differences in how foreign workers are treated — for example, between UK and Chinese companies, or between UK and other foreign companies?**

No negative differential treatment was reported, but foreign companies generally face more administrative steps and checks than domestic staff. However, they note that, when working through local partners, foreign staff are welcomed and well supported.

## **Additional Obstacles**

In addition to the challenges already outlined, companies highlight the following:

- **China's strategic drive for technological self-sufficiency**, particularly in sectors such as renewable energy, which creates long-term commercial uncertainty for foreign suppliers attempting to grow their market share.
- **Pricing pressures arising from state-supported domestic manufacturing**, making market entry and expansion difficult for high-quality but higher-cost foreign products.
- Companies can maintain stable business in China, but **opportunities to scale are structurally limited** under current conditions. These practical realities shape the ease of doing business as much as the formal regulatory environment.

## Conclusion

The consultation highlights a diverse and sector-dependent set of experiences among UK maritime companies operating in China. Some maintain stable commercial relationships and find the market accessible when working through strong local partners. Others face substantial difficulty scaling their business due to opaque approval processes, heavy information requirements, entrenched domestic supplier preference, state-backed pricing advantages and a strategic national focus on self-reliance in key sectors.

Overall, the evidence suggests that the main obstacles are not always formal restrictions but rather the practical realities of operating in a large, complex and relationship-driven market. Transparency, predictability of approval pathways, protection of technical know-how, clearer expectations around local representation and improved visibility of long-term procurement plans would materially improve commercial confidence.

SMI welcomes the Government's attention to these issues and stands ready to support continued dialogue. Strengthening understanding of China's operating environment will help the UK's maritime engineering, technology and services sector compete on a more secure and level footing, both in China and in other strategically important global markets.