



Royston Carr Asset Management Comments on Pay Delays for Chinese Companies

Royston Carr Asset Management – Companies in automobile and construction sectors struggle to get paid.

TAIPEI, TAIWAN, March 28, 2019 /EINPresswire.com/ -- Chinese companies are having to resort to longer payment terms as they struggle to hold on to business. [Royston Carr Asset Management](#) analysts say longer payment terms are being implemented especially in the construction, energy and transport sectors.

According to a recent survey, more than 60 percent of companies in China are experiencing longer than usual delays in having accounts settled over the last year.

Growth in China's economy slowed to 6.6 percent last year, the slowest pace seen in almost three decades as the Bank of China battled to control high levels of debt and the trade war with the United States placed extreme pressure on consumer spending and Chinese companies.

Corporate cash flows are being impacted by stricter credit conditions and high bond defaults making it more difficult for companies to pay their outstanding accounts. In 2018 the number of companies reporting payment delays of 180 days or more increased from 47 percent in 2017 to 55 percent.

Royston Carr Asset Management analysts say that with the complex chain of supply in sectors like the automobile industry, many transactions take place along the supply chain.

Chinese authorities have reassured private companies that they will take steps to address the worsening payment conditions but did not offer a concrete plan of action to do so.

According to the survey, up to 80 percent of very long payment delays are never settled causing concern for private companies that are already feeling the weight of the slowing Chinese economy.

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