The heads of some leading U.S. and European multinationals have publicly questioned recently whether new Chinese policies and regulations are making China a more difficult place for foreign firms to do business.

Over the weekend, the leaders of two large German companies with major investments in China -- the Siemens conglomerate and the chemical firm BASF -- challenged Premier Wen Jiabao about the country's deteriorating business climate during a meeting in Beijing attended by German Chancellor Angela Merkel.

Their criticisms come after similar remarks from the chief executive of Microsoft, who complained recently about China's treatment of intellectual property, and from the head of General Electric, who voiced concern about the country's business climate. Earlier this year, the Internet giant Google threatened to shut down its Chinese search engine, saying that a server had been hacked and that it could no longer abide by Chinese censorship rules.

In a survey of 183 world economies this month, the International Finance Corp., part of the World Bank, ranked China's business climate 89th -- a drop of three places since last year.

The American Chamber of Commerce in the People's Republic of China reported in its 2010 business-climate survey in April that most U.S. firms remain optimistic about China for the medium term. But that outlook is tempered by "worry that China's regulatory environment is becoming increasingly difficult," the survey found.

What is new, analysts say, is that some top executives doing business here are voicing their discontent openly, a significant shift from the traditional pattern of keeping a low public profile to avoid angering Chinese officials -- and risking retaliation.

"For them to come out and publicly deliver a tongue-lashing to Chinese officials is extremely significant," said Arthur Kroeber, managing director of GaveKal Dragonomics, an economics research firm in Beijing.

The foreign companies' biggest concern, observers said, is a set of policies known as "indigenous innovation," which essentially requires firms operating here to transfer their latest technology to China; it also favors homegrown Chinese companies for government business and contracts.

A foreign company here "has to register its technology in China, innovate in China and, in some cases, make it in China," said Murray King, managing director for greater China at Apco Worldwide, a corporate advisory and public affairs firm.

Without what U.S. and European firms consider adequate safeguards of intellectual property, some foreign business leaders are worried that Chinese companies will copy their technology and use it to compete against the foreign firms in the global marketplace.

Business analysts said that, for the most part, concern about a deteriorating business climate has been largely confined to those companies hit hardest by being forced to transfer their technology. Foreign firms in the retail sector are finding China to be a booming market at a time when the United States and Europe are still shaking off the global recession. The Gap clothing store is planning to open its first Chinese branches this year, in Beijing and Shanghai. Apple opened a new, cylindrical, 16,000-square-foot store in Shanghai this month. China has given General Motors a badly needed boost in car sales. And fast-food chains and companies selling luxury goods and consumer gadgets here are thriving.

In contrast, the more technology-based multinational firms -- particularly those involved in telecommunications, aerospace, semiconductors, pharmaceuticals and alternative energy -- are finding China increasingly assertive and more interested than ever in acquiring their know-how. "Companies operating in those sectors are finding some significant head winds," King said.

U.S. and European banking and financial services companies have also voiced complaints about strict government controls of that sector, even as they open new branches in China.

Analysts said both developments -- China's new assertiveness toward multinationals and the firms' new willingness to protest publicly -- reflect the changing power dynamics as the country becomes more prosperous and self-assured.

"For a long time, multinationals had a significant degree of market power -- cash and technology," said Dragonomics' Kroeber. "Now China is bigger and more powerful. . . . They don't need cash anymore. They can drive a harder bargain."

Song Hong, a researcher with the Institute of World Economics and Politics, agreed. "The era when the foreign investor was treated as God in China passed," he said, adding that as a result, many foreign enterprises "now feel that they are not welcome."

In the weekend session with the German delegation, Wen, the premier, pushed back against that perception, calling it "untrue," according to the official Xinhua News Agency.

Xinhua, in an editorial, said Wen's reply may have been undiplomatic but was "the right and no-nonsense answer" to the growing chorus of doubt about China's business climate. Despite the complaints, Xinhua said, citing Commerce Ministry figures, foreign investment in China rose 19.6 percent for the first half of 2010 compared with last year.