

DANISH BUSINESS OUTLOOK ON CHINA (DBOC) INDEX

52.9

The DBOC Index established in January 2021 tracks changes in outlook of Danish companies with activities in China.

In Q1 2025, the index rebounded to 52.92 from 49.44 in Q4, signaling a notable improvement in sentiment and pushing the index firmly back into positive territory. This marks the highest level since Q1 2023. But important to emphasize that the test for this positive sentiment will come in Q2, with more tangible effects of recent developments, including the recent US tariff announcements.

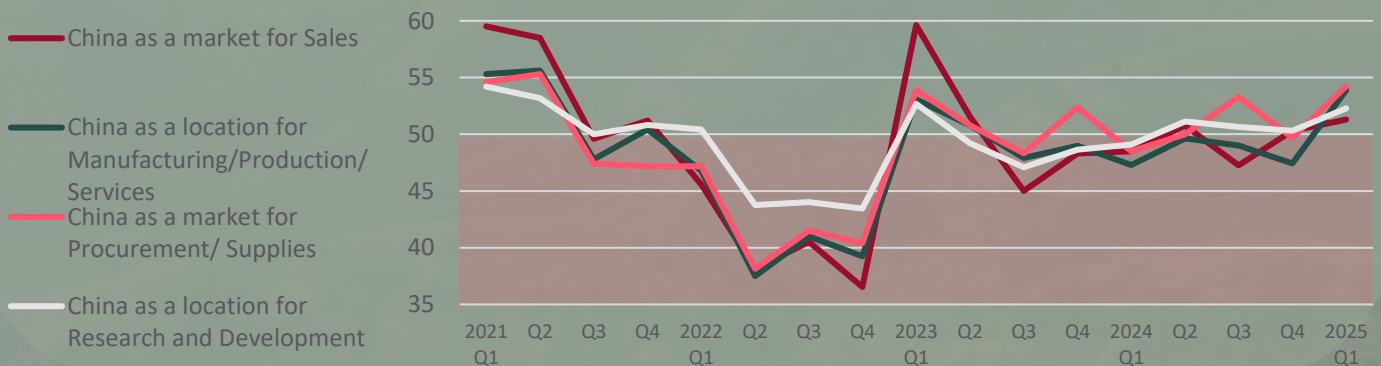
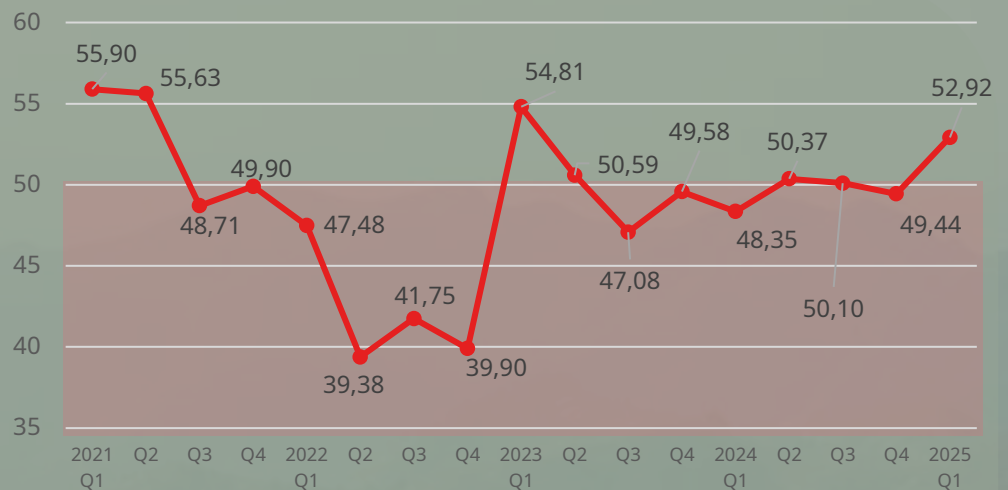
THE INDEX EXPLAINED

If a majority indicates an improvement the index will be >50.

If there are matching positive and negative trends in the data, the index will be exactly 50.

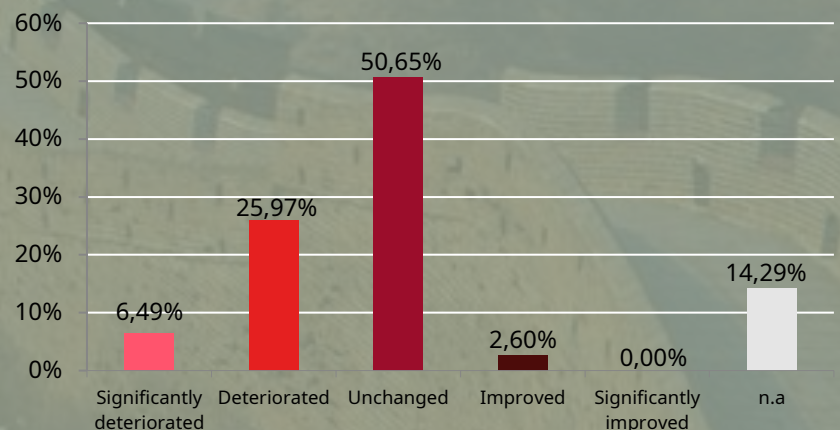
If a majority indicate a deterioration the index will be <50.

The DBOC is a diffusion index and expresses tendencies in data based on following four weighted parameters:



IMPACT ON DANISH COMPANIES' CHINA OPERATIONS BASED ON US-TARIFFS

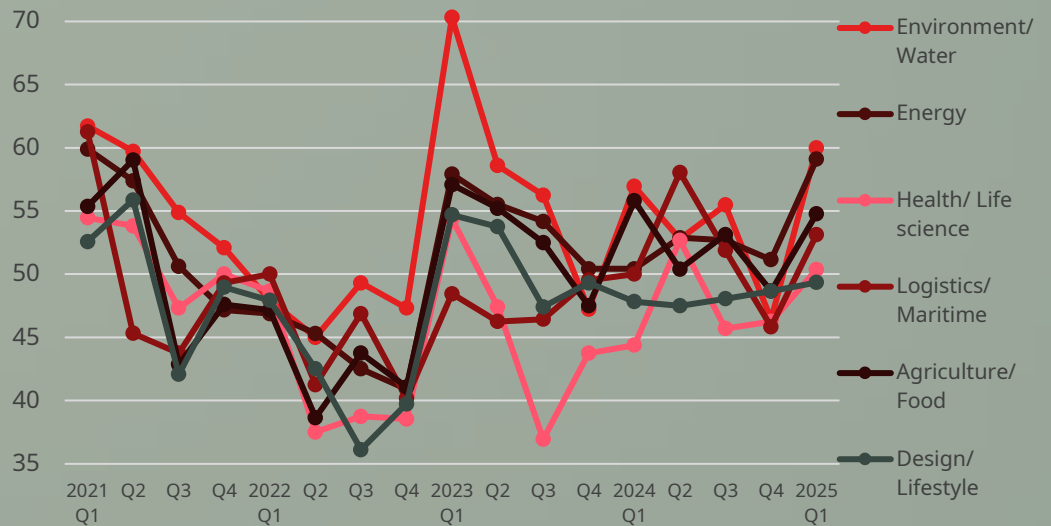
Prior to the actual announcements on 2 April 2025, the respondents were asked how affected they expected their China operations would be by the US announced introduction of import tariffs for goods originating from China. The majority of respondents believes this would not affect their China operations. However, more than 30 pct. still indicated that it would have a deteriorating affect on their China operations. Important to note that the survey was conducted between 7 March until 20 March and therefore prior to the announcement of the actual applied US tariffs.



FIVE OUT OF SIX SECTORS WITH IMPROVED SHORT TERM OUTLOOKS

Breaking the outlook down into individual sectors, five out of six sectors report a positive outlook for the short term.

Only respondents within the consumer oriented design and lifestyle sectors maintains an overall deteriorating outlook with a combined index number of 49.34.



OUTLOOK IMPROVES FOR RESPONDENTS BASED IN CHINA

Sentiment among respondents in China saw a significant lift, rising to 52.77 from 48.51 in Q4, reflecting a notable positive shift.

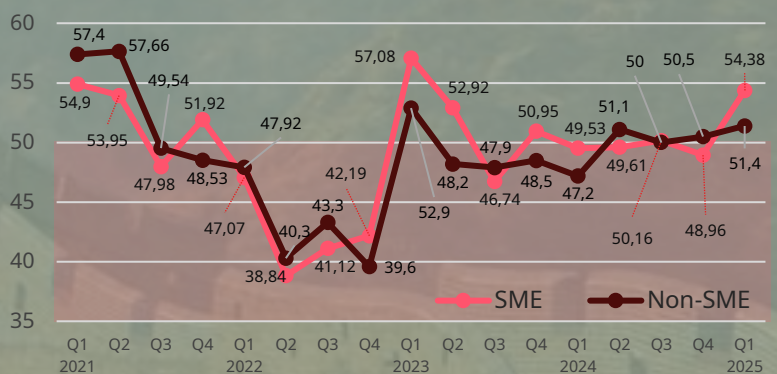
Respondents in Denmark continued to express strong optimism, with the index at 53.52 in Q1 2025, slightly down from 54.33 in Q4 but still among the highest scores in recent quarters.

The notable lift in scores from respondents in China suggests temporal improvement on the China side.



POSITIVE OUTLOOK FOR BOTH LARGE COMPANIES AND SMEs

Large firms reported a DBOC Index score of 51.4 in Q1 2025, showing an increase from 50.6 in Q4. Meanwhile, SMEs posted a stronger sentiment at 54.38, a sharp turnaround from their Q4 score of 48.96, once again outpacing large firms in terms of outlook.



The Danish Business Outlook on China (or DBOC) Index is a joint initiative of the Embassy of the Kingdom of Denmark in Beijing, the Danish Chamber of Commerce in China (DCCC), the Danish-Chinese Business Forum (DCBF) and the Sino-Danish Center for Education and Research (SDC). DBOC is a quarterly index tracking changes in short-term outlook of the Danish business community regarding China using the following recurrent question: "Looking at the past three months, has your short-term outlook for China: significantly improved / improved / unchanged / deteriorated / significantly deteriorated / not applicable". Respondents provide replies separately regarding China as a market and as a location for various business related activities. This survey was conducted between 7 March 2025 until 20 March 2025 with the participation of 77 Danish companies located in either China or Denmark. All participating companies have a Danish CVR number and are either members of DCCC or DCBF. For further information or questions, please contact Minister Counsellor, Morten Kruse (morkru@um.dk) at the Embassy of the Kingdom of Denmark. Find the latest data and information about the DBOC index on the following homepages: (Background picture by cescassawin, freely accessed through colourbox)

STATUS QUO IN 2025 FOR DANISH BUSINESS COMMUNITY'S INVESTMENT PLANS IN CHINA

Once a year, companies are asked about their annual investment plans in China. The figure shows the historical figures from 2021-2025. Almost identical to the year before, in 2025 around half of the respondents expect investment – labour, asset, or both – in China to remain unchanged throughout the year. The proportion of companies that expect to downsize their investment in China has slightly decreased in 2025 compared to 2024, while companies expecting to expand investments have slightly increased. Noticeably, one company expects to significantly expand its operations, while one company expects to significantly downsize.

