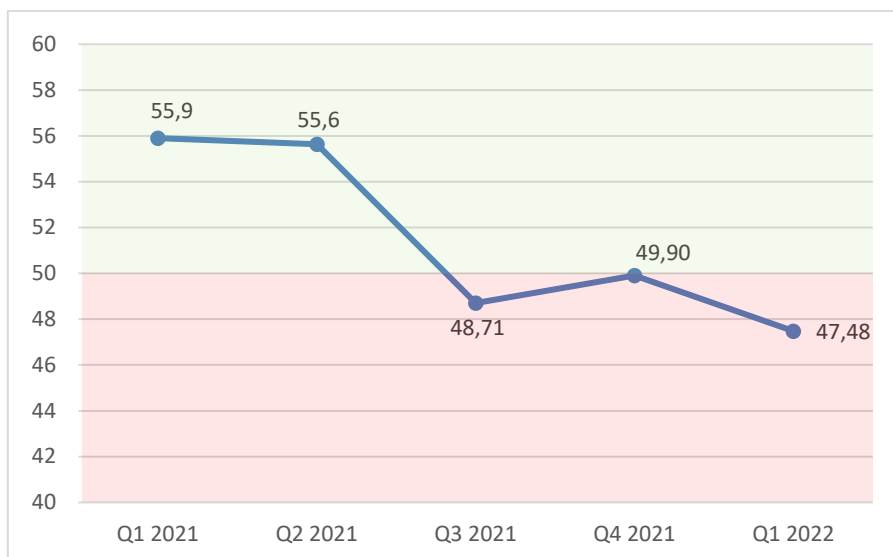


DANISH BUSINESS OUTLOOK ON CHINA (DBOC) INDEX – MARCH 2022

47.5

THE DBOC INDEX ESTABLISHED IN JANUARY 2021 TRACKS CHANGES IN OUTLOOK OF DANISH COMPANIES WITH ACTIVITIES IN CHINA.

IN Q1, 2022, THE OVERALL SHORT-TERM OUTLOOK OF DANISH COMPANIES REACHED ITS LOWEST LEVEL COMPARED TO PREVIOUS QUARTERS. THE LEVEL IS ESPECIALLY FUELLED BY RESPONDENTS BASED IN CHINA AS WELL AS BOTH LARGE AND SMALL COMPANIES.



THE INDEX EXPLAINED

DBOC is a diffusion index. It expresses tendencies in data.

If a majority indicate an improvement the index will be >50

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

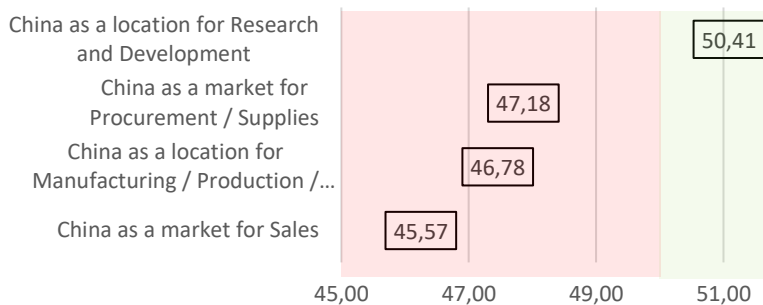
If a majority indicate a deterioration the index will be <50

CLEAR RETRACTION IN MARKET OPPORTUNITIES FOR SALES IS DRIVING THE OUTLOOK

THE SHORT-TERM OUTLOOK FOR CHINA AS A MARKET FOR SALES, MANUFACTURING AND PROCUREMENT HAVE ALL DETERIORATED IN THIS QUARTER WITH SALES DRIVING THE LEVEL OF THE OVERALL OUTLOOK.

THE LEVEL OF THE RESPONDENTS SHORT TERM OUTLOOK FOR CHINA AS A MARKET FOR SALES IS THE LOWEST LEVEL RECORDED OF ALL SUB-CATEGORIES IN ALL FIVE QUARTERS.

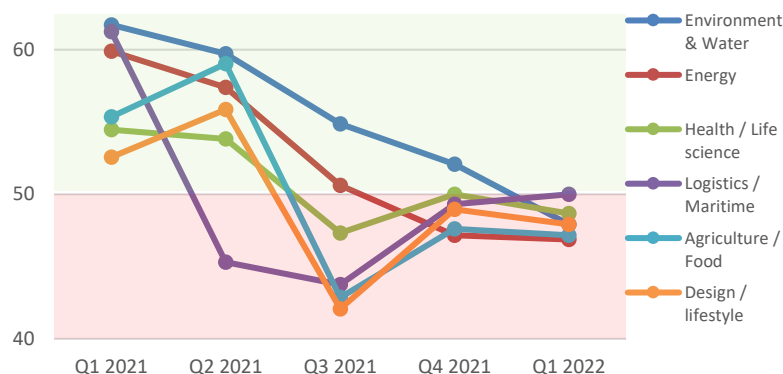
ONLY THE RESPONDENTS FUTURE OUTLOOK FOR CHINA AS A LOCATION FOR R&D HAS IMPROVED.



5 OUT OF 6 SECTORS INDICATE A DETERIORATED OUTLOOK

SAME WAY AS THE OVERALL OUTLOOK – WHEN BREAKING DOWN THE OUTLOOK ON INDIVIDUAL SECTORS – 5 OUT OF 6 SECTORS INDICATE A DETERIORATED OUTLOOK WITH ONLY THE MARITIME/LOGISTIC SECTOR INDICATING AN UNCHANGED OUTLOOK.

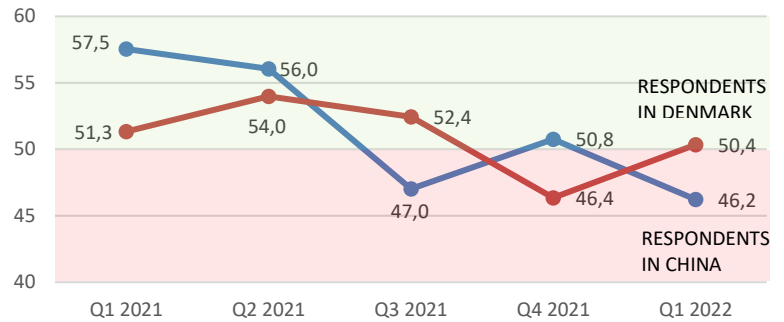
AGRICULTURE/FOOD AND ENERGY SECTOR INDICATE LEVELS BELOW THE OVERALL INDEX, WHILE THE SHORT-TERM OUTLOOK FOR CHINA AS A MARKET FOR SALES IS ESPECIALLY DETERIORATING FOR COMPANIES IN THE AGRICULTURE/FOOD SECTOR.



OUTLOOK IS ONLY DETERIORATED AMONGST RESPONDENTS BASED IN CHINA

ONCE AGAIN, THERE IS A NOTICEABLE DIFFERENCE IN OUTLOOK DEPENDING ON THE VANTAGE POINT OF THE RESPONDENTS.

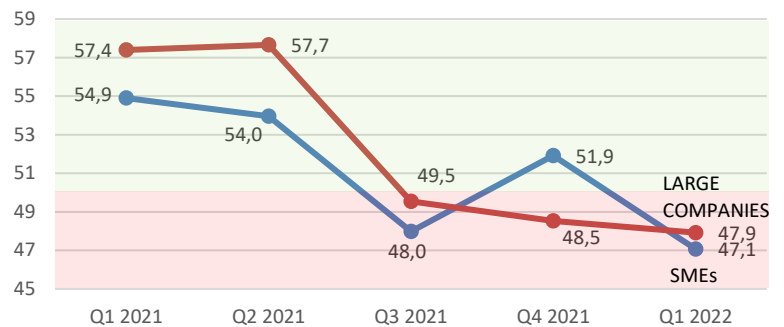
THE OUTLOOK OF RESPONDENTS LOCATED IN DENMARK IS OVERALL IMPROVED, WHILE THAT OF RESPONDENTS IN CHINA HAS RETURNED TO INDICATING A DETERIORATING SHORT-TERM OUTLOOK.



BOTH SMEs AND LARGE COMPANIES OUTLOOK ON CHINA IS DETERIORATED

IN CONTRAST TO Q4, 2021, BOTH SMEs AND LARGE COMPANIES SHOW A DETERIORATION IN THEIR SHORT-TERM OUTLOOK FOR CHINA IN Q1, 2022.

ESPECIALLY THE LEVEL FOR SMEs HAS TAKEN A SIGNIFICANT DROP COMPARED TO LAST QUARTER. THIS IS PREDOMINANTLY DRIVEN BY SMEs OUTLOOK ON CHINA AS A MARKET FOR MANUFACTURING AND PRODUCTION.



STANDARDISATION STRATEGY HAS LITTLE IMPACT ON COMPANIES OUTLOOK

ASKED TO ASSESS THEIR OUTLOOK BASED ON THE COMPANIES ABILITY TO BE INVOLVED IN AND SHAPE TECHNICAL STANDARD SETTING IN CHINA IN LIGHT OF THE NEW STANDARDISATION STRATEGY PUBLISHED IN OCTOBER 2021, COMPANIES INDICATE THAT THE INTRODUCED STRATEGY HAS LITTLE IMPACT ON THEIR OUTLOOK ON CHINA.

ALMOST 90% INDICATED THAT THEIR OUTLOOK ON CHINA REMAINS UNCHANGED IN SPITE OF THE PUBLISHED STRATEGY, WHICH MAY SUGGEST THAT THE STRATEGY DOES NOT HAVE A GREAT IMPACT, THAT IT HAS NOT HAD AN IMPACT YET, OR THAT THE COMPANIES ASSESS THAT THEIR ABILITY TO INFLUENCE TECHNICAL STANDARD SETTING IN CHINA IS VERY LIMITED.

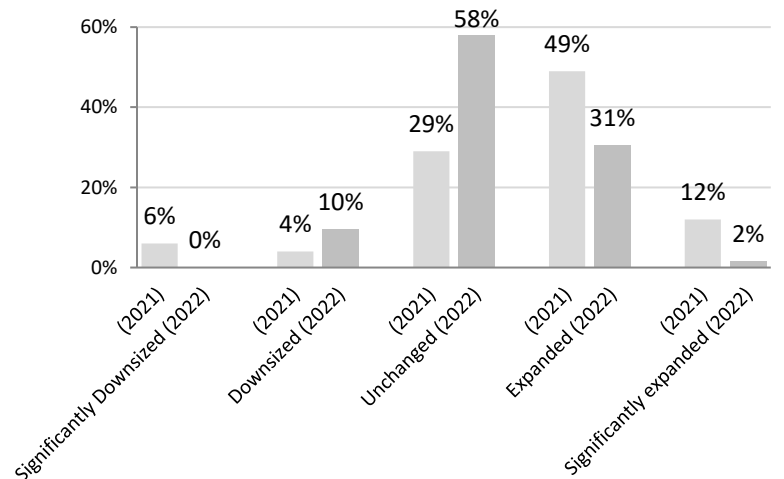
DANISH BUSINESS COMMUNITY STILL EXPECTS TO INVEST IN CHINA IN 2022

ONCE YEARLY COMPANIES ARE ASKED ABOUT THEIR ANNUAL INVESTMENT IN CHINA.

LOOKING AHEAD AT 2022 AS A WHOLE, ALMOST TWO THIRDS OF THE COMPANIES POLLED EXPECT INVESTMENTS – LABOUR, ASSETS OR BOTH – IN CHINA TO REMAIN UNCHANGED IN THE COURSE OF THE YEAR.

APPROXIMATELY ONE THIRD OF THE COMPANIES POLLED EXPECT INVESTMENTS IN CHINA TO EITHER EXPAND OR SIGNIFICANTLY EXPAND IN THE COURSE OF THE YEAR. THIS IS A FALL OF 28% COMPARED TO 2021.

ONLY 10% INDICATE THAT THEY EXPECT INVESTMENT TO BE DOWNSIZED.



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. 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: