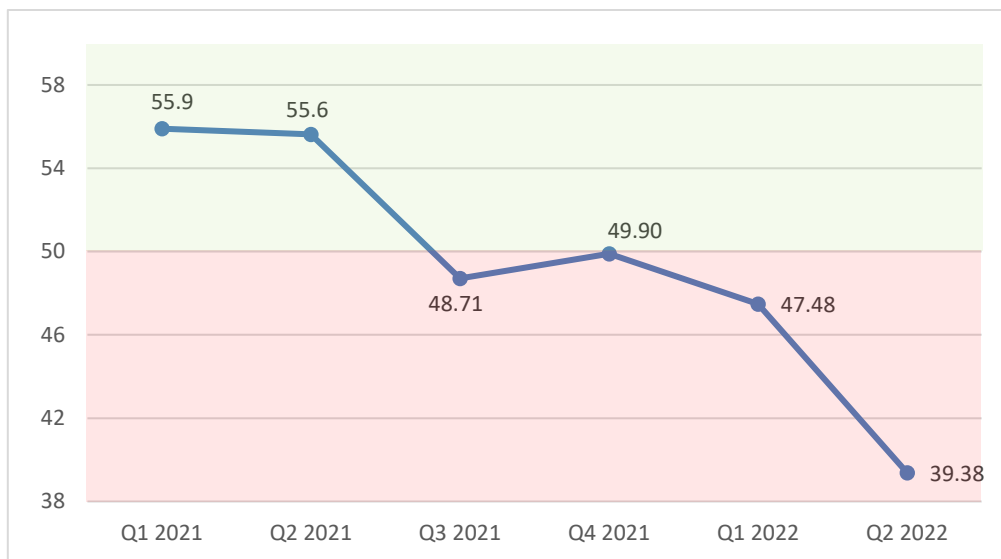


DANISH BUSINESS OUTLOOK ON CHINA (DBOC) INDEX – JUNE 2022

39.4

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

IN Q2, 2022, THE OVERALL SHORT-TERM OUTLOOK OF DANISH COMPANIES REACHED ITS LOWEST LEVEL COMPARED TO PREVIOUS QUARTERS. SUPPLY CHAINS DISRUPTION, COVID-19 LOCKDOWN AND THE RUSSIAN INVASION IN UKRAINE CONTINUES TO INFLUENCE THE SHORT-TERM OUTLOOK OF CHINA BY THE DANISH BUSINESS COMMUNITY ACROSS THE BOARD.



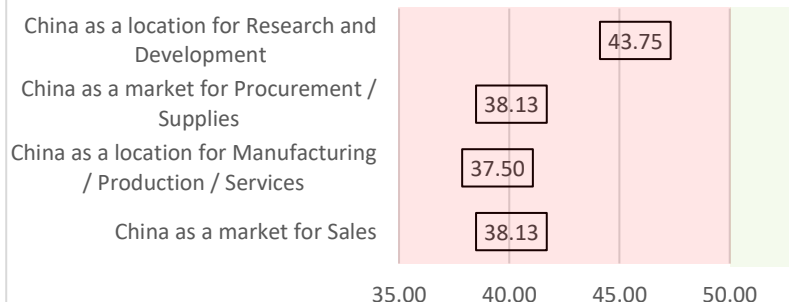
THE INDEX EXPLAINED

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

CLEAR RETRACTION IN MARKET OPPORTUNITIES ACROSS THE BOARD IS DRIVING THE OUTLOOK

THE SHORT-TERM OUTLOOK FOR CHINA AS A MARKET FOR SALES, MANUFACTURING, PROCUREMENT AND R&D HAVE ALL FURTHER DETERIORATED IN THIS QUARTER.

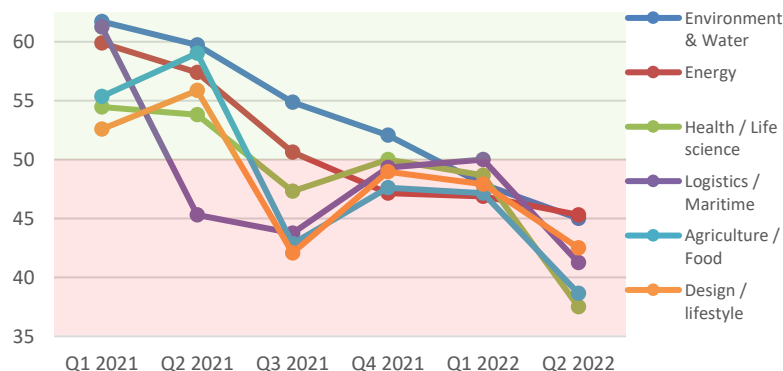
THE LEVEL OF THE RESPONDENTS SHORT-TERM OUTLOOK FOR CHINA AS A MARKET FOR PRODUCTION IS THE LOWEST LEVEL RECORDED OF ALL SUB-CATEGORIES IN ALL SIX QUARTERS.



ALL SECTORS INDICATE A DETERIORATED OUTLOOK

SAME WAY AS THE OVERALL OUTLOOK – WHEN BREAKING DOWN THE OUTLOOK ON INDIVIDUAL SECTORS – ALL SECTORS INDICATE A DETERIORATED OUTLOOK.

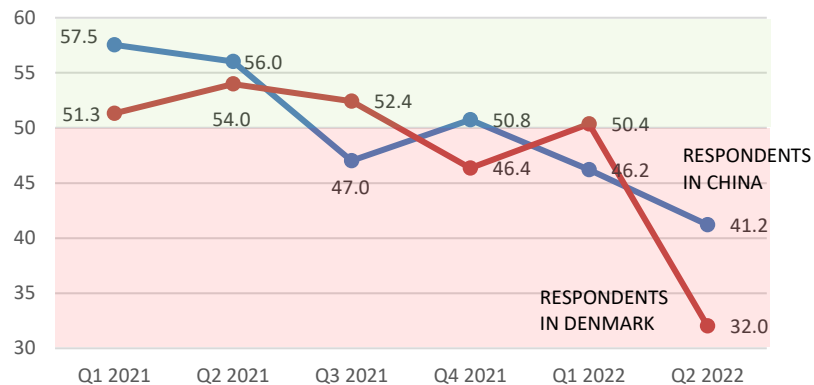
HEALTH SECTOR INDICATE LEVELS BELOW THE OVERALL INDEX, WHILE THE SHORT-TERM OUTLOOK FOR CHINA FOR COMPANIES WITHIN THE ENERGY AND ENVIRONMENT SECTOR ARE ABOVE THE OVERALL INDEX LEVEL, ALBEIT MAJORITY STILL INDICATE A DETERIORATING OUTLOOK.



OUTLOOK IS DETERIORATED AND DEVIATING ACROSS LOCATIONS

THE OUTLOOK HAVE DETERIORATED FOR RESPONDENTS BASED IN BOTH DENMARK AND CHINA. BUT ONCE AGAIN, THERE IS A NOTICEABLE DIFFERENCE IN OUTLOOK DEPENDING ON THE VANTAGE POINT OF THE RESPONDENTS.

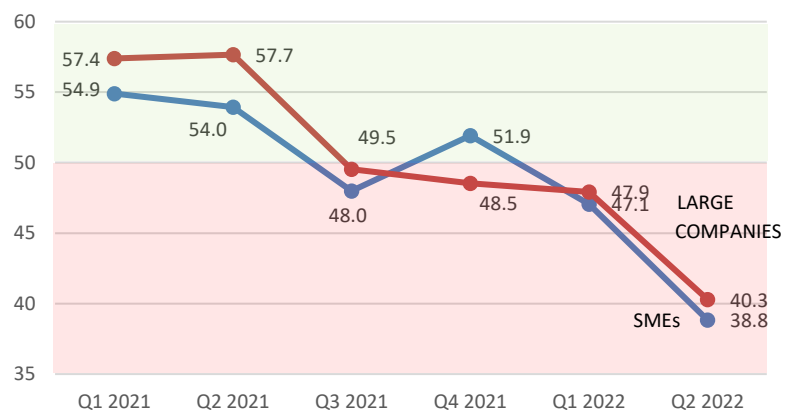
RESPONDENTS IN DENMARK INDICATE LEVELS WELL BELOW THE OVERALL INDEX. BUT THE RESULT SHOULD BE INTERPRETED WITH CARE AS THE NUMBER OF DENMARK BASED RESPONDENTS IN THIS QUARTER IS SIGNIFICANTLY FEWER THAN IN THE PAST.



COMPARABLE OUTLOOK AMONGST SMEs AND LARGE COMPANIES OUTLOOK ON CHINA

BOTH SMEs AND LARGE COMPANIES SHOW A DETERIORATION IN THEIR SHORT-TERM OUTLOOK FOR CHINA IN Q2, 2022, COMPARABLE TO THE OVERALL INDEX.

THE DETERIORATED OUTLOOK FOR SMES IS PREDOMINANTLY DRIVEN BY THEIR OUTLOOK ON CHINA AS A MARKET FOR PROCUREMENT WHILE FOR LARGE COMPANIES - IT IS CHINA AS A MARKET FOR SALES.

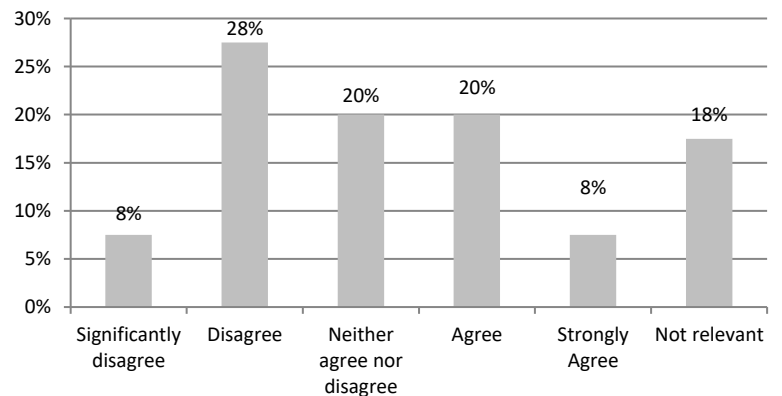


DIVESTING IN CHINA IN ORDER TO BUILD RESILIENCE REMAINS – BUT STABILIZED

BASED ON SURVEY RESULTS IN DECEMBER 2021, 29% OF SURVEYED COMPANIES INDICATED THAT THEY PHASED OUT INVESTMENTS IN CHINA TO BUILD RESILIENCE IN SUPPLY CHAINS OUTSIDE THE COUNTRY.

WHEN ASKED AGAIN IN JUNE 2022, THIS FIGURE REMAINS ALMOST IDENTICAL WITH 28% AGREEING OR STRONGLY AGREEING TO PLANS FOR DIVESTING IN CHINA IN ORDER TO BUILD RESILIENCE IN SUPPLY CHAINS OUTSIDE CHINA.

THUS, COMPANIES CONTINUE TO SCRUTINIZE THEIR SUPPLY CHAINS IN ORDER TO ENSURE THEY ARE SUFFICIENTLY RESILIENT TO WITHSTAND CHALLENGES.



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 09 June 2022 until 20 June, 2022 with the participation of 40 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: